WSIB Workplace Safety & Insurance Board
ONTARIO
CSPAAT Commission de la sécurité professionnelle et de l'assurance contre les accidents du travail

Health & Safety + Care

annual report

OUR VISION

The elimination of all workplace injuries and illnesses.

OUR CORPORATE PROFILE

Ontario's Workplace Safety and Insurance Board (WSIB) is committed to the prevention of workplace injuries and illnesses. We play a key role in the province's occupational health and safety system; promoting workplace safety and administering no-fault workplace insurance for employers and their workers.

We provide loss-of-earnings benefits, pay for and monitor the quality of health care, and assist in early and safe return to work and labour market re-entry for workers who are injured on the job or contract an occupational disease. We also provide benefits to most survivors of workers who die due to workplace injuries or illnesses.

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THREE IMPERATIVES

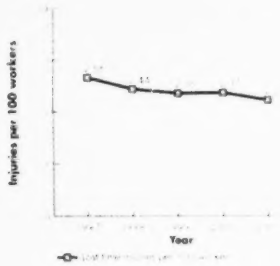
THE WSIB IS FOCUSED ON OUTCOMES

One: to make Ontario workplaces among the safest in the world

Outcomes

- With our partners, we will be the best provider of health and safety products and services.
- We will help to ensure continuous reduction of workplace injuries and illnesses.
- We will have the healthiest and safest workplaces.

Measure: lost-time injury rate

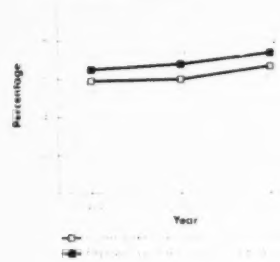


Two: to provide quality service that meets the needs of workers and employers

Outcomes

- Injured and ill workers will recover as early as possible.
- Return to work will be safe, suitable, timely and sustainable.
- Our decisions will be correct, timely and well understood.
- We will treat all our customers and clients in an individualized, caring and respectful way.
- Our products and services will be appropriate, timely, easy to use and responsive to our customers' and clients' needs.
- Our policies will be fair, balanced and equitable.
- We will ensure full compliance with all obligations under WSIB legislation and policies.

Measure: perceived overall satisfaction with WSIB experience

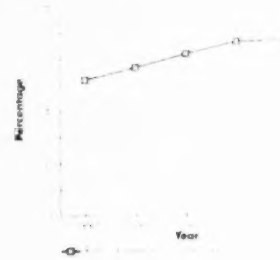


Three: to ensure the financial security of the workplace safety and insurance system

Outcomes

- Our competitive, appropriate rates will fully fund the Schedule 1 insurance system.
- The Schedule 2 system will be securely funded.
- Investments will be managed effectively, maximizing return with an acceptable risk level.
- The insurance fund will have an adequate reserve for future costs.
- Our administration, products, services and programs will be cost-effective.

Measure: funding ratio



CHAIR'S MESSAGE

The events surrounding September 11, 2001 have had a significant impact on all of our lives and businesses and have permanently altered the way in which we view our world. The financial impact has had far reaching effects on the worldwide insurance markets, resulting in premium increases for many.

While the WSIB was not directly impacted by claim losses, we were affected by the loss of investment income. The overall financial impact has been mitigated by a diversified investment policy and prudent financial assumptions. We have managed to hold the line on the average premium rate for 2002 and will be monitoring the situation closely during the rate setting process for 2003.

Despite the challenges of 2001, the WSIB continued to make substantial progress toward its goals of healthy and safe workplaces, better customer service and financial security. The unfunded liability now stands at $5,657 million – down from $11,532 million in 1993.

Our health and safety campaigns have been successful in spreading the message to all Ontarians that workplace injuries and illnesses can be prevented and that action is needed. In fact, research confirms that in the minds of young Ontarians, awareness of workplace safety is second in importance to drinking and driving.

In the area of customer service, we have posted a nine per cent increase in satisfaction amongst employers and a 12 per cent increase amongst injured workers compared to 2000 levels. We continue to talk with all of our stakeholders to understand further opportunities for improvement.

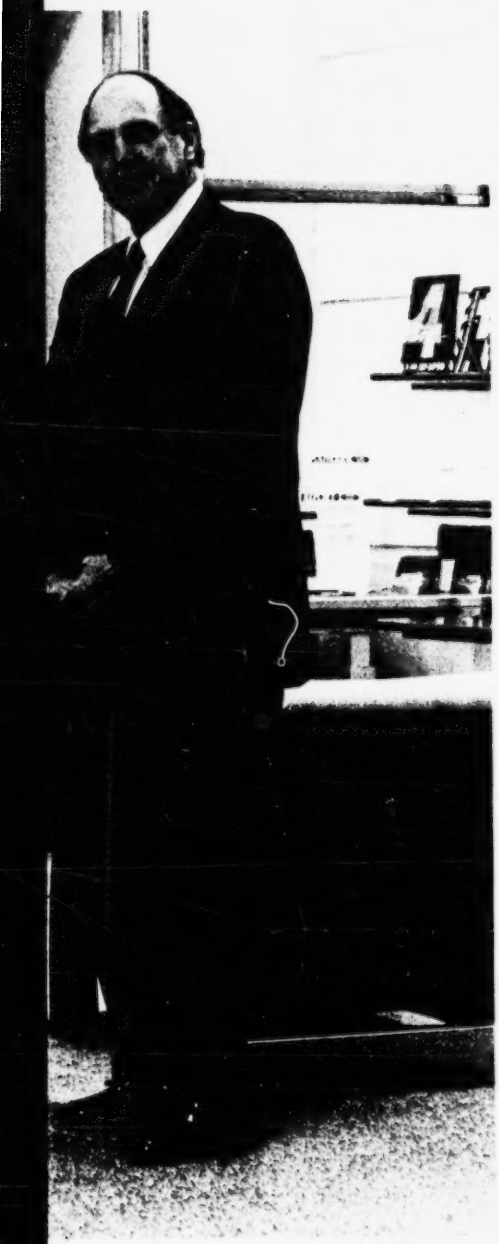
Gains have also been made in co-ordinating the efforts of organizations and stakeholders that participate in the delivery of health and safety services. To improve the use of existing research, our Board hosted the inaugural National Conference on Knowledge Transfer on behalf of the Association of Workers' Compensation Boards of Canada. We must continue our efforts to fund research and to ensure that best practices and new ideas actually make it to the shop floor and improve safety.

Thank you to the employees of the WSIB who have risen to the challenges of the past year. They have made our success possible. They know that the work we do is important because it makes a difference in people's lives everyday. Thank you also to the Board of Directors for their commitment to the WSIB and a safer and healthier Ontario. Our Board is pleased to welcome Ron Hikel as a Director. His experience as a leading management consultant and a former Deputy Minister of Health in Manitoba brings an additional dimension to our Board.

Health and safety at work is important to everyone in Ontario. Together we can make a difference.

Glen Wright, Chair

PRESIDENT AND CEO'S MESSAGE



David Williams, President and CEO

The WSIB has a clear vision of Ontario's working future. In 2001, we worked harder than ever to make that vision a reality for workers and employers. We worked to stop the steady stream of human pain and suffering that flows from Ontario workplaces into our offices as workplace injuries and illnesses are reported to us.

Every week at the WSIB, we see people who have lost limbs; people with serious back injuries; people who have been burned, broken, or crushed; people who have lost their hearing or their sight. We see parents who have lost their children, children who have lost their parents, and husbands and wives who have lost their spouses.

We believe that these are predictable and preventable consequences and we're working with our health and safety partners to put a stop to them.

In 2000, there were 2.37 lost-time injuries for every 100 workers covered under our collective liability insurance system. In 2001, our prevention products, services, and awareness campaigns helped Ontario workers and employers achieve a 5.9 per cent reduction in that rate. Over the last five years, the lost-time injury rate has dropped by 16.1 per cent.

The current economic and investment climate offers some significant challenges in the near term but we remain confident that, over the longer term, we can maintain our objective of providing comparable, competitive rates while eliminating the unfunded liability by 2014.

Delivering the workplace health and safety message has become part of the day-to-day work of every member of our staff – in fact, it is now integrated into every aspect of our business. The opportunities for sharing health and safety knowledge are growing. We are positioning ourselves to optimize those opportunities as we spend more and more time in Ontario workplaces helping our customers and clients understand their rights and responsibilities as participants in the workplace health and safety system.

We are pleased to celebrate WSIB staff in action in this report. Day in and day out, they deliver quality products and services and spread the health and safety message. Their support for service delivery changes and innovations is integral to our ability to achieve our vision. I thank every one of them for their commitment and dedication. They are an extraordinary group of people and they are doing a great job.

Towards the end of 2001, all of us as individuals had cause to re-evaluate our priorities and focus our attention on the important things: our families, our friends, and our co-workers. We were reminded that we are part of a larger community that our neighbours' tragedies have consequences we all share. This can only strengthen our resolve to work even harder in 2002 to eliminate workplace injuries and illnesses.

BOARD OF DIRECTORS

Left to right: David Williams, Glen Wright, John Gardner, Ron Hikel, Eileen Mercier, Dorothy Pringle, Chris Griffin and Patrick Dillon.

Patrick Dillon, Member
(July 17, 1996 to July 16, 2004)
Business Manager, Provincial Building and Construction Trades Council of Ontario; President, Ontario Construction Secretariat.

John Gardner, Member
(April 30, 1997 to April 30, 2002)
Chair, Fields Institute for Research in the Mathematical Sciences; former President of the Sun Life Assurance Company; Fellow of the Canadian Institute of Actuaries.

Chris Griffin, Member
(July 8, 1998 to July 7, 2003)
Fire captain and qualified director of firefighter training.

Ron Hikel, Member
(July 4, 2001 to July 3, 2003)
Managing Director, Hampshire Consulting; recent assignments include acting as Deputy Minister of Health, Government of Manitoba.

Eileen Mercier, Vice Chair
(November 5, 1999 to November 4, 2002)
(Chair, May 5, 1999 to November 4, 1999; Member, July 17, 1996 to May 5, 1999)
President, Envoy Management Inc.; director of several public and not-for-profit enterprises.

Dorothy Pringle, Member
(April 19, 2000 to April 18, 2002)
Professor of Nursing and former Dean, University of Toronto.

David Williams, President
(May 1, 1998 to June 30, 2004)
Former Chief Financial Officer, Loblaws Company; former President, National Grocers.

Glen Wright, Chair
(July 17, 1996 to May 5, 1999 and November 5, 1999 to November 4, 2005)

THE WORKPLACE SAFETY AND INSURANCE SYSTEM

The 1915 annual report of the Ontario Workmen's Compensation Board described the first year of Ontario's workplace insurance system:

> *The benefits of the new system of law to both workmen and employers are recognized and appreciated. Claims are expeditiously and inexpensively disposed of. Employers are immune from the expense and annoyance of litigation. The intricacies and hardships upon workmen and their families of the old doctrines of negligence, common employment and assumed risk are eliminated.*

The benefits of workplace insurance have been acknowledged by both employers and workers in this province for close to a century. The annual report you're now reading describes the 87th year of the system's operation – and today we still provide a provincially-administered, shared liability, no-fault system to the majority of Ontario workers and employers.

But a lot has changed since 1915.

Back then, the only concern was to ensure that workers injured in industrial accidents were compensated quickly and fairly. The system achieved that goal by having employers contribute to a fund that paid the injured worker regardless of who was at fault in the accident.

This "no-fault" system eliminated the courts from the process of compensation. Workers gave up their right to sue their employers in return for fast, fair compensation and employers agreed to pay into the fund. It is often referred to as "an historic compromise."

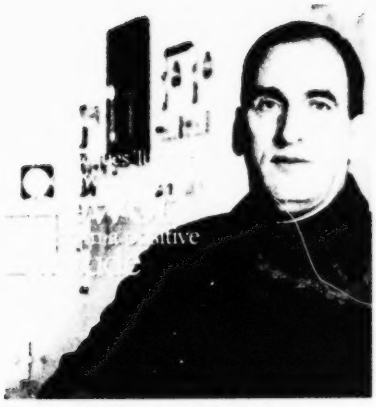
The original system saw workplace injuries as an unavoidable side effect of industry. A cost of doing business. A problem to be dealt with after the fact.

Today it is different. Now we see every workplace injury as predictable and preventable. Workplace health and safety is part of our core business at the WSIB. We cannot isolate the cause from the symptom. We need to treat both. The system has always been about **care** for injured workers – now it is also about workplace **health and safety** that will prevent future injuries and illnesses. **Health and safety** and **care**. That is the WSIB of 2001.

Health & Safety + Care

HEALTH AND SAFETY

WE'RE MAKING ONTARIO THE HEALTHIEST AND SAFEST PLACE IN THE WORLD TO WORK



Jean Jacques Turgeon's life changed after a workplace injury in 1978. He now works with us, delivering the workplace health and safety message as part of our "Prevention Ambassadors" campaign.

At the WSIB, when we think of safety, we think about a lot more than just hard hats and steel-toed boots. We look at our job of preventing workplace injuries and illnesses in the broadest possible terms.

We work to prevent injuries that result from lack of proper training or safety equipment, or such things as inadequate machine guarding; but we also work to prevent the illnesses that can result from exposure to hazardous substances, severe psychological trauma, and repetitive work practices.

Workplace injuries affect us outside as well as inside our workplaces. They have a ripple effect throughout our lives, and throughout our community. They affect us in our homes. They affect our families and friends. They affect Ontario's quality of life and its economy. That is why the prevention of workplace injuries and illnesses is a responsibility we all must share.

The WSIB promotes workplace health and safety in Ontario through:

- leadership
- knowledge sharing
- public awareness

We do this by partnering with other organizations in Ontario's workplace health and safety system, and with workers and employers in workplaces across the province.

The lost-time-injury rate is a key indicator of the success of our prevention initiatives. We have seen a decline in this rate from 2.66 injuries for every 100 workers in 1997 to 2.23 in 2001.

We'd like to tell you about some of the ways we promoted the prevention of workplace injuries and illnesses in 2001.

A year of health and safety action

To get our message out into the community – to empower every worker and employer in Ontario with the knowledge they need to make their workplaces safer – we are using a wide range of tools such as:

- public awareness campaigns in a range of media
- incentive programs
- community outreach
- knowledge sharing

Our first priority: workplace health and safety

Workplace health and safety has become everyone's priority at the WSIB. 2001 saw workplace health and safety messages delivered by our frontline teams in a variety of ways. These industry sector and small business service delivery teams:

- promote and support workplace health and safety activities, programs and practices
- educate employers and workers about their rights and responsibilities
- foster workplace commitment to continuous improvement in workplace health and safety
- access resources from Ontario's health and safety associations

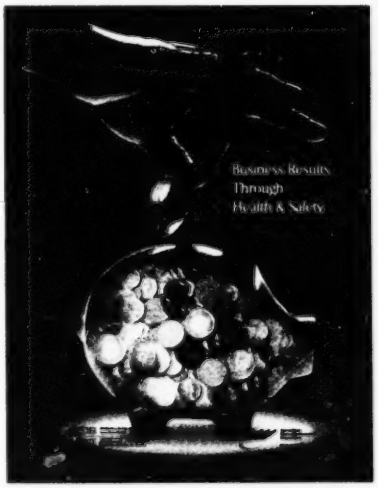
Teams throughout the WSIB help employers and workers to enhance workplace health and safety action plans. These plans have:

- a workplace-specific focus
- realistic goals
- timely, measurable results

Business results through health and safety

Teamwork, and the exchange of ideas and experience, is vital in all our workplace health and safety programs. In 2001, we teamed up with the Canadian Manufacturers and Exporters (CME) to develop a guidebook that makes the business case for workplace health and safety.

This guidebook, entitled *Business Results Through Health and Safety*, shows employers how health and safety saves money and, ultimately, lives and livelihoods.



The guidebook makes the point that the average lost-time injury in Ontario costs over $59,000 (including indirect costs such as property damage, lost production and productivity as well as insurance benefit costs). Assuming a profit margin of six per cent, it requires almost a million dollars in sales to offset that cost to a business.

WSIB Senior Prevention Program Specialist Tom Abercrombie worked closely with the CME on the *Business Results* guidebook. "Working with the CME has been a very satisfying experience," says Tom. "We've taken the workplace health and safety theories and applied them to the real world. The guidebook uses real life examples and facts and figures to make the theories real for the average employer. It gets the message across in a compelling way."

Incentive programs

Business Results Through Health and Safety is only one of the ways we're helping to create a society that is committed to workplace health and safety. Ontario employers are participating in a variety of WSIB incentive programs, sharing health and safety knowledge and best practices.

Our incentive programs provide financial incentives to employers who make their workplaces safer, and who promote early and safe return to work for injured workers. Employers with poor health and safety records are subject to WSIB premium increases. Incentive program rebates in 2001 totalled close to a quarter of a billion dollars, encouraging Ontario employers to further reduce their WSIB premiums by making their workplaces safer.

Armando Fatigati, a manager in our Manufacturing Industry Sector, did groundbreaking work in 2001 with the Ontario Furniture Manufacturers Association (OFMA) Safety Group. "Working with the OFMA has given me an opportunity to experience first-hand what self-reliance in health and safety can really mean," says Armando. "The Safety Group program proves the value of building relationships and building trust. Employers in this industry have come together in a spirit of cooperation. They have shared their knowledge and experience, and they have made changes in their workplaces that are reducing injuries and saving money."

Safety Groups

The Safety Group incentive program brings employers together to share best practices, knowledge and experience – offering financial incentives that participants in the Safety Group share. The Safety Group program grew from nine groups in 2000 to 19 groups in 2001. Employers participating in Safety Groups see:

- increased productivity
- improved employee morale
- sustainable workplace health and safety
- reduced workplace insurance costs

In 2001, Safety Groups led to the production of industry health and safety guides for the foundry, furniture, woodworking and printing industries. These guides are the result of employers in these industries coming together with a common goal: to share their knowledge and experience, and make their workplaces safer.

"In the past two years, members of our multi-sectoral safety group have achieved up to an 18 per cent reduction in their lost time injuries; saving their companies and the entire system millions of dollars," says a manufacturing sector member of the Employers' Advocacy Council Safety Group. "Being involved and networking in our Safety Group has allowed us to think and plan beyond the obvious through the shared experiences of other members."

Safe Communities Incentive Program

Like Safety Groups, the Safe Communities Incentive Program (SCIP) is designed to increase employers' knowledge of workplace health and safety. But while Safety Groups bring employers together based on industry sectors, SCIP is based on communities.

SCIP unites the WSIB, local small businesses and safe community groups with a common purpose. Employers attend safe workplace awareness training and learn how to implement health and safety programs, hazard identification and return-to-work programs.

"SCIP program rewards are numerous, as both management and staff prosper through the increased productivity and workforce satisfaction," says a construction industry SCIP participant. "Employers are equipped with the information and tools required to meet the exacting demands of government regulations in a relaxed atmosphere of cooperation, which fosters a relationship of trust between the employer and the WSIB."

Public awareness

Our public awareness campaigns aim to make unsafe workplaces as unacceptable in our community as driving under the influence of alcohol.

Prevention ambassadors

We ran two high-profile advertising campaigns in 2001. The first featured "prevention ambassadors" – people who put a human face on the consequences of workplace injuries and fatalities. These ambassadors came forward to share their experiences and help others to understand the importance of workplace health and safety.

The campaign achieved an exceptional 77 per cent awareness level among those surveyed. We feel privileged to have worked with the prevention ambassadors, and we thank them for their courage and dedication.

Elizabeth Turnbull, Marketing Manager, **Patricia Meffe**, **Matthew Hodgson**, and **Heather De Peza**, Marketing Officers, worked on our 2001 public awareness campaigns. "We have been honoured to work with the people who have come forward to participate in our public awareness campaigns," says Elizabeth. "We have all been impressed by their courage and their dedication to making Ontario workplaces safer."

Young worker awareness

The second campaign targeted young people entering the workforce for the first time. As a group, they are the most vulnerable – they may miss out on necessary training, and they may not understand that dangers are present in every workplace.

2001 was the third year in which we ran a Young Worker Awareness Campaign. Market research proves that we are changing attitudes. Out of a list of key issues of concern to young people – drinking and driving, teen pregnancy, excessive speeding, and workplace health and safety – workplace health and safety moved from being the least important concern to the second most important concern (after drinking and driving) among youth survey groups between 1999 and 2001.

We implemented a range of other initiatives in 2001 aimed at protecting young workers. Together with our workplace health and safety partners, we:

- revamped the Young Worker Awareness Program
- piloted a college and university workplace health and safety awareness program
- provided Grade 11 and 12 curriculum resources on workplace health and safety
- conducted the first annual youth health and safety video contest
- launched a re-designed young worker awareness website (**www.yworker.com**)

To find out more about these initiatives, please contact us at **1-888-921-WSIB**.

A strategic alliance: the Occupational Health and Safety Council of Ontario (OHSCO)

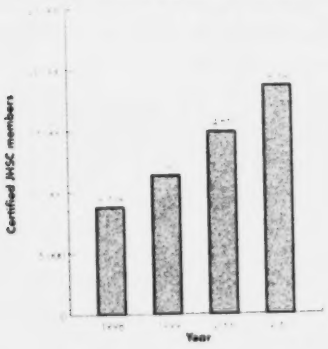
Working with the Ministry of Labour and the WSIB, Ontario's Health and Safety Associations have strengthened their strategic alliance through the Occupational Health and Safety Council of Ontario (OHSCO). In 2001, we advanced towards an aligned and coordinated system by:

- sharing best practices
- developing common strategies
- sharing goals in areas such as health and safety for small business, and occupational disease
- synchronizing our operations
- developing common approaches to risk assessment
- defining leading indicators of workplace health and safety

OHSCO has raised the health and safety system in our province to new levels of effectiveness, developing new strategic initiatives to benefit every worker and employer in Ontario.

Workplace-specific hazard training

Basic certification in years 1998–2001



Most Ontario workplaces with more than 20 workers must have a Joint Health and Safety Committee (JHSC), with members certified by the WSIB. By the end of 2001, the number of people with basic certification grew by 53 per cent (compared to 2000) to 53,479, with an additional 15,194 completing the new workplace-specific hazard assessment certification requirement. This certification program, with training delivered by Health and Safety Associations and other providers, qualifies people to provide expert health and safety guidance in Ontario workplaces.

A vision of the future

The prevention of workplace injuries and illnesses is our first priority at the WSIB. We partner with organizations, associations and individuals to spread the health and safety message. We depend on these partnerships to help eliminate workplace injuries and illnesses.

As well as those discussed here, many other programs, partnerships and initiatives are underway. Work has begun, public attitudes are changing — we are creating a future in which all workplace injuries and illnesses are eliminated.

We invite you to join us, because workplace health and safety is a responsibility we all share.

CARE

WE'RE PROVIDING A WIDE RANGE OF QUALITY CARE AND SERVICE

The workplace insurance system is all about care and service for Ontario's workers and employers. Quality health care. Return to work advice and assistance. Fair and sustainable insurance benefits. Care, customer service and commitment to excellence guide the WSIB.

Steffie Stephens, Information Officer from our Information Centre in Toronto assists workers and employers. The Information Centre welcomed approximately 56,000 people in 2001.

The best possible care and support

The harsh reality in Ontario workplaces is that a worker suffers a lost-time injury every 3.6 minutes. When these injuries happen, we work to provide the best possible care for injured workers and their families. This care and support includes:

- benefits for loss of earnings and non-economic loss
- support for the return to work process
- health care treatment and services such as physiotherapy
- in the case of a workplace fatality, benefits for deceased workers' dependants

Frontline staff profile

Dealing directly with injured workers and employers, we have:

- 903 adjudicators providing fair, open and accurate adjudication of claims
- 256 nurse case managers ensuring that injured workers get the health care they need to make the best possible recovery
- 178 customer service representatives providing tailored services to our small business customers
- 142 account managers building relationships with, and solving problems for, large employers

Tailored services for our customers

A key feature of our service delivery model is the tailoring of our services to the unique needs of small and large businesses. At the end of 2001, there were 192,254 employers registered with the WSIB. 168,218 of those employers have fewer than 20 employees.

Our new service delivery strategy has our people working in industry sector specific and small business service delivery teams. They are going into workplaces to get to know our customers and clients, and they are providing the services that meet their specific needs.

New business

We are making our products and services available to more employers in more [illegible] employers who are not legally required to register with the WSIB. Registrations have increased, and with them premium revenues – from employers committed to the workplace safety and insurance system because they value the products and services we provide.

In 2001, we registered 971 non-compulsory small business employers, and 130 medium or large employers, resulting in close to $8.5 million in additional premium revenue. These employers have confirmed the WSIB offers good value.

Customer and client satisfaction

2001 was the first year in which our new approach to service delivery was fully started. To continue to meet our customers' changing needs, we have made significant investments over the last four years – in people, training, technology and facilities – investments at every level of our organization.

As we have implemented our new service delivery model, we have seen customer/client satisfaction levels improve significantly, as demonstrated below.

	Employers			Injured Workers		
	1999	2000	2001	1999	2000	2001
Satisfaction with WSIB services	55	56	70	63	62	68
The WSIB is making the right decisions	64	69	69	48	55	64
The WSIB provides me with all the information I need	48	56	57	37	41	51

Source: 1999 & 2000 customer satisfaction surveys.

High performance teams

All WSIB teams have now completed basic training in high performance teamwork. This training has helped us work in teams to provide effective customer service and decision making.

Information portal

Our business design and knowledge development activities in 2001 continued to be an important part of the WSIB's ongoing business. In November, we launched the first new enterprise information portal, which places a wealth of knowledge and information at the fingertips of frontline staff. As the portal is rolled out across the WSIB, we will be able to respond much more quickly to inquiries from employers and injured workers.

Specialized adjudication and community response

We have improved our ability to adjudicate claims by putting [illegible] knowledge and complex health care solutions. Innovative [illegible] occupational disease, survivor benefits, and serious injuries. We are [illegible] to ensure that the necessary support is available at the [illegible] to build stronger relationships with local [illegible]

New business

We are making our products and services available to non-compulsory customers – employers who are not legally obliged to register with the WSIB. Registrations have increased, and with them premium revenues – from employers coming into the workplace safety and insurance system because they value the products and services we provide.

In 2001, we registered 971 non-compulsory small business employers, and 130 medium or large employers, resulting in close to $3.5 million in additional premium revenue. These employers have confirmed the WSIB offers good value.

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As we have implemented our new service delivery model, we have seen customer client satisfaction levels improve significantly, as demonstrated below.

	Employers			Injured Workers		
	1999	2000	2001	1999	2000	2001
Satisfied with WSIB service levels	55%	56	70	63%	62	68
The WSIB is moving in the right direction	64%	69	69	48%	55	64
The WSIB provides service equal to or better than private insurers	48%	56	57	37%	44	49

Source: Ipsos Reid customer satisfaction survey

High performance teams

All WSIB teams have now completed base training in high performance teaming. This training has helped us work in teams to provide enhanced standards of service and decision-making.

Information portal

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Specialized adjudication and community response

We have improved our ability to adjudicate claims requiring specialized medical knowledge and complex health care solutions. Innovative work has focused on occupational disease, survivor benefits, and serious injuries. We are improving our ability to ensure that the necessary support is available and accessible for injured workers, and to build stronger relationships with local geographic and industry-specific communities.

To meet these objectives, we:

- developed an Occupational Disease Response Strategy and piloted it in Sarnia
- responded to other communities concerned about occupational disease – claims managers, nurse case managers and physicians visited these communities and participated in information sessions about workplace health and safety and WSIB claims services
- partnered with leading institutions to promote occupational disease research
- raised the profile of occupational health in medical teaching facilities – to increase the number of expert occupational health professionals (nurse practitioners, occupational medicine specialists)
- implemented a crisis intervention program – helping families cope with workplace tragedies
- held the first provincial advisory meeting for seriously injured workers and their families

Quality health care

In 2001, we continued to develop a new collaborative relationship with the health care community to help enhance care for injured workers. A major part of this new relationship involved the development of:

- evidence-based treatment programs for common work-related injuries and illnesses
- a new way of setting health professional fees

We piloted a treatment program and prototype fee model for acute low back injuries in Hamilton, and developed a program of care for occupational asthma. Work also started on treatment programs for noise-induced hearing loss and chronic low back pain.

Virginia Cott, Customer Service Representative, **Jessica Gainham**, Nurse Case Manager, **Pat Corradetti**, Nurse Case Manager, and **Julie Bessi**, Adjudicator, worked on the Acute Low Back Injury Hamilton pilot. "This pilot was precedent-setting – it created a new kind of relationship between the WSIB and health care providers," says Julie Bessi. "Collaborating on this program of care with health care providers and employer and worker groups, we created a support based on a common goal: providing injured workers with the best evidence-based treatment available, and getting them back to work safely and as soon as possible."

Specialty clinics

In 2001, we established new specialty clinics for upper extremity injuries in Kingston and London, and an amputee program providing assessment, treatment and prosthetics in Toronto. In total, we have 11 specialty clinics in communities around Ontario.

The specialty clinics bring together experts in fields such as hand and upper extremity injuries, psychological trauma, amputations, burns, head injury and chronic pain. By supporting specialty clinics in the community, we are making it easier for injured workers to get the care they need where they live and work.

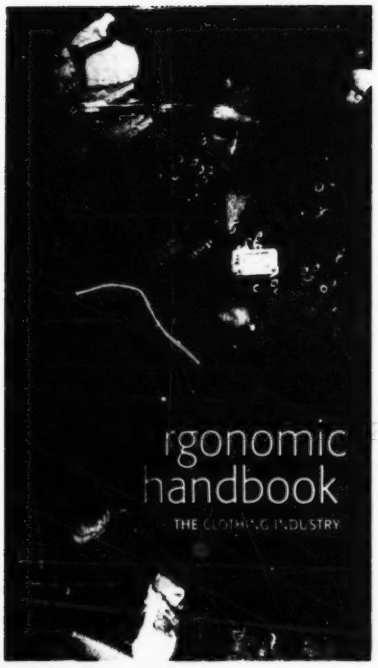
Return to work

In 2001, we renewed our focus on return to work. Our business teams worked to help employers and workers achieve successful return to work outcomes. Testing of a range of new products commenced in the manufacturing sector, and with Schedule 2 (self-insured) employers. New products include:

- Claims management tools for both employers and workers
- *Reap the Rewards of Return to Work* – a resource and tip sheet for employers
- Return to work fact sheets explaining how to build a successful return to work program
- *Return to Work and You* – a comprehensive booklet for employers to help them design an effective return to work program
- Return to work posters and stickers covering the basics of building a return to work program

These products demonstrate our commitment to safe and timely return to work.

Research: solutions for workplace change



Our research programs continued to advance our understanding of workplace safety and insurance issues. By the end of 2001, we had received 10 final reports on research projects funded by our Research Advisory Council (RAC).

These projects included "Dealing with Work-Related Musculoskeletal Disorders in the Ontario Clothing Industry" by Jonathan Eaton and associates. This project produced an ergonomic handbook for the clothing industry that has received wide recognition and distribution. Other projects included:

- "Towards Developing Better Rehabilitation Protocols for Low Back Injured Workers" by Stuart McGill and Jacek Cholewicki
- "Effects of Job Strain, Hospital Organizational Factor and Individual Characteristics on Work-Related Disability among Nurses" by Judith Shamian and associates

The RAC approved 11 new research applications in 2001. Funded projects address high-priority issues including young worker safety, mining safety, best practices for functional abilities assessments, and return to work.

Outreach: WSIB in the community

We know we need to serve our customers and clients in a variety of languages, and we believe that the best place to connect with them is where they work and live. That is where we target our multilingual outreach efforts. In 2001, approximately 9,000 people visited our corporate display booths at 24 shopping malls. We also participated in special community events – with two in particular, Chinese New Year and the CHIN Multicultural Radio picnic in Toronto, each attracting over 10,000 visitors to our booth.

We provide overviews of the workplace safety and insurance system at English as a Second Language (ESL) classes, and our multilingual services staff partner with our service delivery teams to conduct door-to-door visits to third language employers, raising awareness of their rights and obligations.

Policy development

WSIB policies are constantly reviewed and revised in consultation with Ontario workers and employers. Our aim is to make sure the workplace safety and insurance system is as fair and efficient as possible.

In the area of revenue policy in 2001, we:

- added gains and losses as a component of premium rates to make rates more responsive to actual injury-and-illness experience of the industry classes
- further consolidated the rate group structure to simplify the setting of rates and help ensure a level playing field for all employers

Fai Au-Yeung, Multilingual Services Specialist, and **Mary Ciccone**, Manager, Small Business, participate in outreach activities in the Chinese community. "Ontario's workplaces are culturally diverse," says Fai. "The work we're doing is breaking down the language barriers – raising awareness of the importance of workplace health and safety, and making sure all our customers and clients get the services they need."

Compliance

By law, the majority of Ontario businesses must register with the WSIB. By registering, they are providing certainty to workers and their families that, if there is a workplace injury affecting their health and their ability to earn a living, they receive the benefits they are entitled to. Employers who fail to register are placing their workers at risk.

In 2001, we implemented an employer voluntary registration program that offered incentives to unregistered compulsorily covered employers. About 5,200 employers registered under this program, avoiding retroactive assessment for premiums prior to January 1, 2001.

The compliance work of our Special Investigations Branch (SIB) helps to make sure the workplace safety and insurance system remains effective and fair. In 2001, the SIB received 2,500 calls and laid a total of 490 charges for non-compliance and fraud ranging from failure to register or report injuries to deliberately misleading the WSIB.

Our zero-tolerance fraud prevention strategy includes an anonymous, toll-free action line: **1-888-745-3237**, and an e-mail address: **sileads@wsib.on.ca** for the reporting of fraud and non-compliance.

A new WSIB

As the programs and innovations discussed above demonstrate, the WSIB has become a forward thinking, outcome based organization that gets results for the people it serves.

We've deployed a new service delivery strategy that has our people working to develop knowledge and understanding of the specific needs of individual industries and small businesses. Our account managers, our customer service representatives, our adjudicators, and our nurse case managers, are improving their knowledge of our customers and clients – their businesses, their needs, and their key concerns.

Relationship building is at the centre of our service improvements. We're listening to workers' and employers' needs – and responding. By providing **safety** and **care**, we are:

- reducing the burden of workplace injuries and illnesses for workers
- giving employers products and services they count as essential to the successful operation of their businesses.

We are becoming an organization that each and every member of the community values and needs.

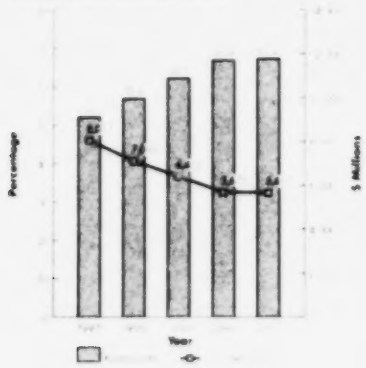
MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

This section provides analysis and discussion of information presented in the audited financial statements, which appear on pages 23 (Balance Sheet), 24 (Statement of Operations and Unfunded Liability), and 25 (Statement of Cash Flows). It should be read in conjunction with those statements. Our aim is to give the reader an understanding of the financial results from the point of view of WSIB management.

Funding and investment strategies

Funding ratio steadily rising



Our approach to funding is flexible and responsive, with reviews that ensure premium rates are adjusted according to the success of our funding strategies. This helps us to keep rates low, while protecting the ongoing financial viability of the system.

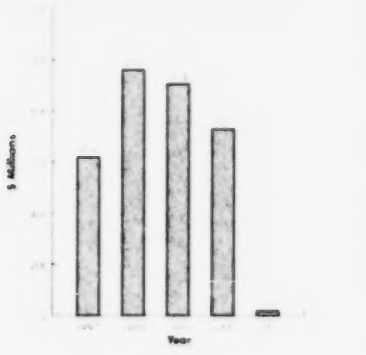
The system currently has an unfunded liability, which means that sufficient funds are not available to pay for the full life of all the claims currently in the system. Our funding strategy remains on-target to eliminate the unfunded liability by 2014.

On December 31, 2001, the unfunded liability stood at $5,657 million. The funding ratio (the ratio of our assets to our liabilities) stood at 67.2 per cent – its highest level since 1981.

A strategy is also in place to ensure that Schedule 2 employers, who are individually responsible for employee benefit costs and related administrative expenses, cover their liabilities.

Excess of revenues over expenses

Excess of revenues over expenses



During 2001, we experienced the effects of the economic downturn and the volatility of world stock markets. As a result, the excess of revenues over expenses declined to $18 million, $709 million less than in 2000.

Revenues

The WSIB's revenue comes from premiums paid by approximately 190,000 Schedule 1 (collective liability) employers, reimbursements from approximately 900 Schedule 2 (self-insuring) employers, and from our investments.

The WSIB's total revenues of $3,472 million for 2001 were $408 million lower than for 2000. Sharp declines in world stock markets led to a $403 million (or 35.1 per cent) decrease in investment income. Total premium revenue was relatively unchanged at $2,726 million, $5 million less than for 2000.

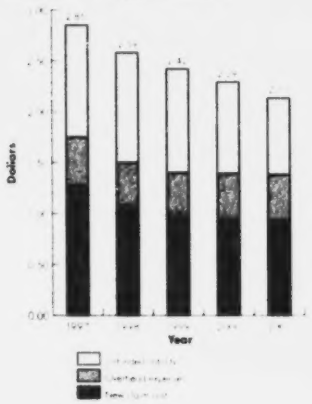
Schedule 1 (collective liability coverage)

We collect premiums based on rates, set annually in accordance with the claims experience of employers in 156 specific industry sector rate groups. Employers are assigned to rate groups based on their business activities. Premium rates are applied to employers' insured payroll to determine how much they pay the WSIB for workplace safety and insurance.

Premium revenue for year ended December 31

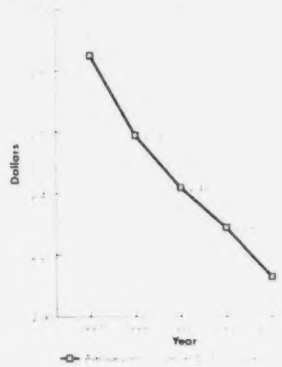
($ Millions)	2001	2000	Increase/(Decrease)	
Schedule 1				
Current premiums	$ 1,570	$ 1,555	$ 15	1.0
Experience rating net refunds	(4)	(109)	105	96.3
Interest, penalties and bad debts	21	51	(30)	(58.8)
	1,587	**1,497**	**90**	**6.0**
Schedule 2 (Self-insurers)	279	263	16	6.1
Total current premiums	**1,866**	**1,760**	**106**	**6.0**
Premiums for unfunded liability	860	971	(111)	(11.4)
Total Premium Revenue	**$ 2,726**	**$ 2,731**	**$ (5)**	**(0.2)%**

Components of premium rate



The largest growth in payroll in 2001 occurred in the services, manufacturing and health care industry sectors. This growth is not reflected fully in premium revenue because it was offset by the 2001 decrease in the average premium rate for these sectors. In 2001, premium rates continued a steady decrease that began in 1996. The average rate in 2001 of $2.13 for every $100 of insurable payroll represented a $0.16, or 7.0 per cent, decrease compared to 2000. The average rate has decreased 29 per cent since 1996. Only two industry sectors (forestry and pulp and paper) saw an increase due to claims experience in their average premium rate in 2001, with the remaining 14 sectors experiencing decreases.

Average premium rate



Schedule 2 (self-insurance)

Employers with the WSIB's Schedule 2 coverage pay the full cost of all benefits, including claim administration, for their workers. The WSIB pays the benefits to Schedule 2 workers, and is reimbursed by Schedule 2 employers. These employers include:

- firms funded with public funds (from the federal, provincial and/or municipal governments)
- firms legislated by the province, but self-funded (crown corporations)
- firms that are privately owned, but involved in federally regulated industries such as telephone, airline, shipping and railways

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

Funding and investment strategies

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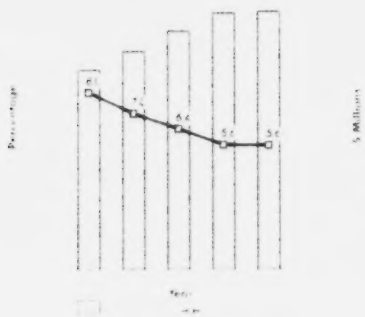

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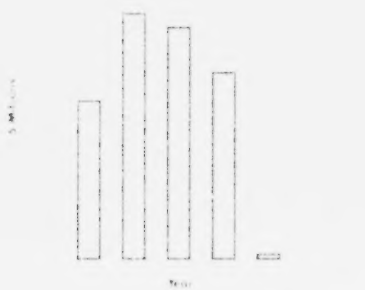

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Premium revenue for year ended December 31

($ Millions)	2001	2000	Increase/(Decrease)	
Schedule 1				
Current premiums	$ 1,570	$ 1,555	$ 15	1.0
Experience rating net refunds	14	109	(95)	(86.9)
Interest, penalties and bad debt	21	51	(30)	(58.8)
	1,587	**1,497**	**90**	**6.0**
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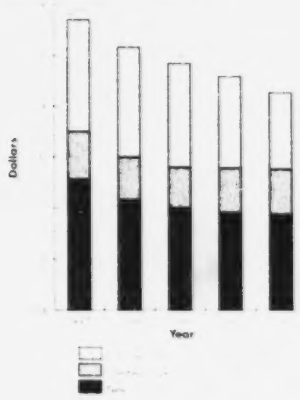
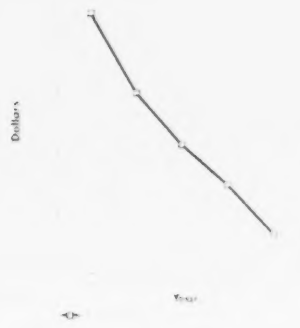


The largest growth in rates in 2001 occurred in the services, manufacturing and health care industry sectors. This growth is not reflected fully in premium revenue because it was offset by the 2001 decrease in the average premium rate for these sectors. In 2001, premium rates contributed a slight increase that began in 1999. The average rate in 2001 of $2.13 for every $100 of insurable payroll represents a $0.16, or 7.0 per cent, decrease compared to 2000. The average rate has decreased 24 per cent since 1996, while nine industry sectors (forestry and pulp and paper) saw an increase due to claims experience in their average premium rate in 2001, with the remaining 14 sectors experiencing decreases.

Average premium rate



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- firms funded with public funds from the federal, provincial and municipal governments;
- firms legislated by the province, but self-funded (crown corporations);
- firms that are privately owned, but involved in federally regulated industries such as telephone, airline, shipping and railways.

We recently added new measures for the funding of Schedule 2 benefit liabilities, and for the maintenance of cash deposits. This will ensure that the Schedule 2 system is fair and financially viable.

Revenue from Schedule 2 employers increased by $16 million (6.1 per cent) compared to 2000, reflecting higher benefit payment reimbursements.

Investments

The WSIB Insurance Fund comprises a broadly diversified portfolio of domestic and foreign equities, high grade fixed income securities and commercial real estate.

The investment management goals of our Insurance Fund are to use diversified but complementary investment management mandates and styles to produce superior long term returns. The diversity of investment approaches is designed to generate returns with a low overall level of investment risk. The Statement of Investment Policy and Procedures that governs the Fund is reviewed each year. It was last reviewed and amended on December 1, 2001.

Management of our investments fund has been delegated to a carefully selected and monitored team of external, independent investment management organizations. During 2001, three international equity managers were added to our investment management team.

2001 began with sharp declines in equity markets. Hopes of returning stability and recovery, raised in the second quarter, were dashed in the third by the events of September 11. Stock markets rebounded sharply in the fourth quarter, but equity markets still recorded double-digit negative returns for the year. In the fixed income sector, bonds enjoyed modestly positive returns.

Our investments closed the year at a market value of $11,973 million, down $614 million from the prior year-end. This reduction includes transfers from the insurance fund to operations in 2001, which totaled $435 million.

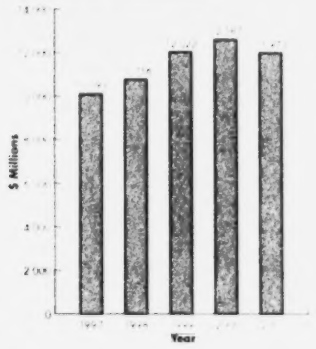
Broad diversification across asset sectors and markets, and in investment styles, significantly diminished the impact of 2001's poor equity markets. Our Insurance Fund recorded a return of –1.5 per cent for the calendar year, well above its –6.7 per cent market related benchmark, which is a composite of the returns of Canadian and foreign equity, bond and real estate market indices weighted in the proportion in which they are represented in the Fund's asset mix policy. On a longer-term basis, the Fund recorded an annualized return of 7.5 per cent over the four years ending December 31, 2001, exceeding its 5.8 per cent four-year benchmark.

The inclusion of "value" style active equity managers and the under-weighting of equities from the policy position were the main reasons for the Fund's superior performance.

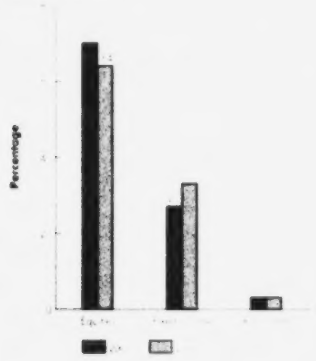
Insurance Fund returns

One year	Three years	Five years	Ten years
–1.5	5.3	9.7	10.5

Fair value of investments



Asset mix



Our Investment Advisory Committee provides counsel to the Board on matters relating to investment policy

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Eileen Mercier Committee Chair. President, Fiera Management Inc.; director of several public and not-for-profit enterprises

Royden Richardson Senior Portfolio Manager, James Richardson and Sons Limited; Director, Magna International Inc. and Primaxis Ventures Technology Inc.

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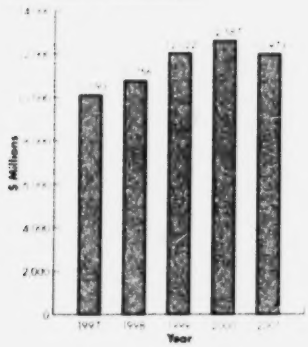

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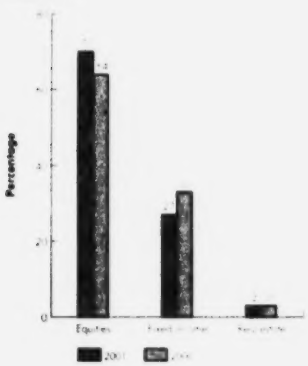

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Insurance Fund returns

One year	Three years	Five years	Ten years
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Expenses

Our expenses are comprised of benefit costs, administrative and other expenses, and legislated obligations and commitments. In 2001 our total expenses increased by $301 million or 9.5 per cent, mainly due to higher benefit costs.

Benefits

Benefit costs are influenced by changes in legislation, changes in our adjudication policies and practices, health care and return-to-work programs, and economic conditions.

The total cost of benefits paid or provided to workers in 2001 was $2,494 million (excluding claim administration costs of $261 million). That amount represents an increase of $163 million, or seven per cent when compared to the cost of benefits in 2000.

This cost increase was spread across long-term disability, short-term disability, health care, and survivor benefits; but the largest increase was in short-term disability benefits.

Increases in wage rates and reductions in personal income taxes resulted in an increase in the average net earnings used to calculate loss of earnings benefits. As a result, there was an increase in short-term disability payments.

Health care costs in 2001 increased by 10.6 per cent ($32 million). While a two per cent increase in the health care inflation rate contributed to this increase, it was also a result of increased use by injured workers of the treatments to which they are entitled. This increase is the result of our efforts to increase awareness of available treatments, and a proactive approach by our staff to the management of injured workers' cases. This approach aims to achieve earlier, safer return to work for injured workers.

A large percentage of the WSIB's health care costs is spent on programs for serious injuries and occupational diseases. These programs account for the largest increases in payments, which were related to hearing aid costs ($5.5 million), mileage costs for injured workers ($3.0 million) and personal care allowances ($2.2 million).

Benefits liability

The WSIB's benefits liability is an actuarially determined provision for all future benefit costs. At December 31, 2001, the benefits liability was $16,130 million, a $270 million increase compared to December 31, 2000, when it was $15,860 million.

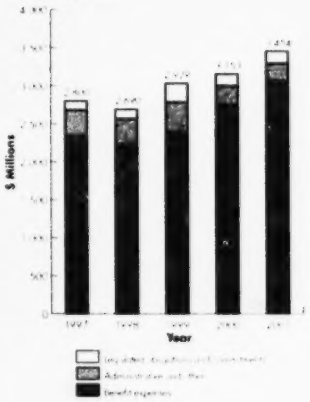
A $280 million increase in the benefits liability was due to emerging experience in 2001 and its effects on benefit liabilities. This breaks down into:

- $243 million increase due to higher health care benefit costs paid
- $100 million increase due to higher costs of reassessments and associated arrears payments for long-term disability claims incurred prior to 1990
- $37 million increase due to higher payments to external providers (under section 52 of the *Workplace Safety and Insurance Act*)
- $46 million increase due to higher than expected costs for temporary compensation for accident years prior to 1998
- $227 million decrease due to terminations of pre-1990 pensions
- $81 million increase due to other changes

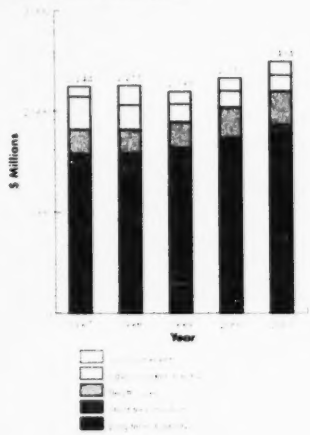
A $20 million reduction in the benefits liability was due to changes in actuarial methods and assumptions made in 2001. This breaks down into:

- $18 million increase due to a change in the method and assumptions relating to the number of cases reaching long term status and recognition of the emerging

Total expenses



Total benefit costs paid



mix of 100-per-cent and less-than-100-per-cent wage loss experience for post 1997 claims

- $111 million decrease due to a change in the assumption of the number of Future Economic Loss (FEL) supplement cases remaining in payment status after final review (for claims incurred from 1990 to 1997)
- $138 million increase due to improvements in data relating to survivor benefits
- $65 million decrease due to a change in method from a group to an average award method for determining labour market re-entry costs under section 42 of the *Workplace Safety and Insurance Act*

An additional $10 million increase in the benefits liability can be attributed to changes in personal income tax rates.

Continuing its commitment to financial security for its customers and clients, the WSIB has included a provision in the benefits liability of $768 million for the future administration costs of existing claims.

Change in the Benefits Liability for the year ended December 31

($ Millions)	2001	2000	Increase/(Decrease)	
Benefit costs	$ 2,765	$ 2,532	$ 233	9.2
Provision for future claim administration costs	274	162	112	69.1
Total benefit costs (excluding net increase in Injured Worker Retirement Fund)	**3,039**	**2,694**	**345**	**12.8**
Less: Benefit costs paid	2,769	2,569	200	7.8
Net increase (decrease) in benefit liabilities	**270**	**125**	**145**	**116.0**
Benefit liabilities, January 1	15,860	15,735	125	0.8
Benefit liabilities, December 31	**$16,130**	**$15,860**	**$ 270**	**1.7%**

Sensitivity of actuarial assumptions

The benefits liability is calculated based on certain actuarial assumptions. Changes in these assumptions can cause significant changes in the benefits liability. This sensitivity is illustrated as follows.

The actuarial assumption most susceptible to change is the investment return. The present value of future benefit payments was calculated using a net investment rate of return of 4.0 per cent for fully indexed benefits and 6.5 per cent for partially indexed benefits. The approximate impact of a 0.5 per cent increase in the real net future net investment rates would be a $900 million reduction in the benefits liability.

Calculation of the benefits liabilities was based on the WSIB's mortality experience in the 1991–1995 period for injured workers and on the 1990–1992 Ontario Life Tables prepared by Statistics Canada, adjusted for mortality improvement to 1993 for surviving spouses. A reduction of 20 per cent in the mortality rates would increase benefit liabilities by approximately $125 million.

A 10.0 per cent increase in accident frequency, resulting in a 10.0 per cent increase in the number of lost time claims in the year 2001, would increase benefit liabilities by approximately $100 million.

Administrative and other expenses

In addition to the regular costs of administering its regular services, the WSIB incurs administrative and other expenses associated with the ongoing development of its processes and computer systems. New systems, business processes and improvements

mix of 100-per-cent and less-than-100-per-cent wage loss experience for post 1997 claims

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Continuing its commitment to financial security for its customers and clients, the WSIB has included a provision in the benefits liability of $768 million for the future administration costs of existing claims.

Change in the Benefits Liability for the year ended December 31

($ Millions)	2001	2000	Increase/(Decrease)	
Benefit costs	$ 2,765	$ 2,532	$ 233	9.2%
Provision for future claim administration costs	274	162	112	69.1
Total benefit costs (excluding net increase in Injured Worker Retirement Fund)	**3,039**	**2,694**	**345**	**12.8**
Less: Benefit costs paid	2,769	2,569	200	7.8
Net increase/(decrease) in benefit liabilities	**270**	**125**	**145**	**116.0**
Benefit liabilities, January 1	15,860	15,735	125	0.8
Benefit liabilities, December 31	**$16,130**	**$15,860**	**$ 270**	**1.7%**

Sensitivity of actuarial assumptions

The benefits liability is calculated based on certain actuarial assumptions. Changes in these assumptions can cause significant changes in the benefits liability. This sensitivity is illustrated as follows.

The actuarial assumption most susceptible to change is the investment return. The present value of future benefit payments was calculated using a net investment rate of return of 4.0 per cent for fully indexed benefits and 6.5 per cent for partially indexed benefits. The approximate impact of a 0.5 per cent increase in the assumed future net investment rates would be a $600 million reduction in the benefits liability.

Calculation of the benefit liabilities was based on the WSIB's mortality experience in the 1991–1995 period for injured workers; and on the 1990–1992 Ontario Life Tables prepared by Statistics Canada, adjusted for mortality improvement to 1993 for surviving spouses. A reduction of 5.0 per cent in these mortality rates would increase benefit liabilities by approximately $125 million.

A 10.0 per cent increase in accident frequency, resulting in a 10.0 per cent increase in the number of lost time injuries in the current year, would increase benefit liabilities by approximately $100 million.

Administrative and other expenses

In addition to the regular costs of administering the *Workplace Safety and Insurance Act*, administrative and other expenses also include the costs of transforming WSIB business processes and computer systems. New Systems Development and Integration expenses

for the year amounted to $47 million, $11 million (19.0 per cent) less than for 2000.

Excluding New Systems Development and Integration expenses, administrative and other expenses in 2001 were $443 million, an increase of $27 million or 6.5 per cent compared to 2000. Major year over year changes include:

- Salaries and employee benefits increase of $10 million or 3.4 per cent due to an increase in the number of staff to provide service to injured workers and employers and general salary increments which were partly offset by lower employee future benefit expenses
- Occupancy costs increased $4 million due mainly to increases in real estate taxes
- Supplies and services increased $4 million due to higher expenses from more outreach activities and more information provided for improved customer service and increases in software leases

Legislated obligations and commitments

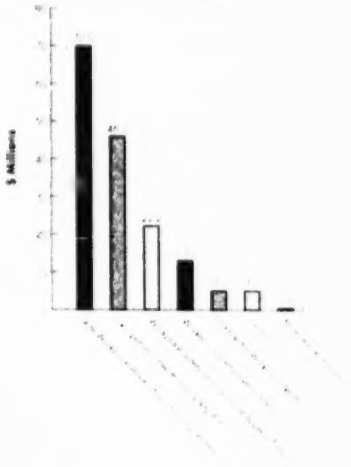
In 2001, legislated obligations and commitments funding amounted to $162 million, an increase of $6 million or 3.8 per cent compared to 2000. Together with its partners in Ontario's workplace safety and insurance system, the WSIB continued to invest in the alignment of prevention system partners and to demonstrate commitment to workplace health and safety.

Funding was increased by:

- $1.5 million for the Safe Workplace Associations, training centres and clinics to provide injury and illness prevention services for Ontario's workplaces
- $5.6 million for the *Occupational Health and Safety Act* program as legislated by the Government of Ontario to ensure compliance with health and safety standards in the workplace

These increases were partially offset by decreased funding for other legislated obligations.

Breakdown of legislated obligations and commitments



Outlook

Population in Ontario is growing faster than the national average as employment opportunities draw people to this province. With the increase in the size of the labour force, we look forward to a higher insurable earnings base but also higher benefit costs.

In the mid 1980s, the employers of close to 80 per cent of the Ontario workforce were required to pay premiums to the WSIB. In 2001, while the Ontario economy created 91,000 new jobs, the proportion of workers covered by the WSIB continued to decline, and now stands at less than 70 per cent. This has left many workers – particularly those involved in newly-emerging business activities – without WSIB coverage. We will be consulting the community on this issue in 2002.

Economic projections show that insured payroll is expected to reach $118.9 billion in 2002 – an increase of 4.6 per cent compared to 2001. The average premium rate will remain flat at $2.13 per $100 of insurable earnings, still 29 per cent lower than the 1996 average. On average, Ontario employers will be paying the same for workplace insurance in 2002 as they were in 2001.

For the five years leading up to 2001, Ontario employers saw a steady reduction in the average premium rate. This was due to improved cost management and an increased focus on the prevention of workplace injuries and illnesses, and early, safe return to work. The 2002 average rate reflects a "leveling off" in the number of

injuries and related costs projected for the system. It also reflects the need to take account of recent changes in the economic climate.

2003 premium rates will also have to take account of the expected economic climate. They will have to reflect the ongoing need to eliminate the unfunded liability while covering the costs of running the workplace safety and insurance system. Financially responsible management of the system for Ontario's workers and employers may necessitate premium rate increases in 2003.

Effective January 1, 2002, electrical utilities employers who used to be agencies of provincial and municipal governments have been required to incorporate their operations under the *Ontario Business Corporations Act.* Until December 31, 2001, these employers were covered by Schedule 2 of the *Workplace Safety and Insurance Act* and were individually liable for the costs of their claims. On January 1, 2002, these employers will be transferred to Schedule 1. As a result of this transfer, Schedule 1 premium revenue will increase as premiums will be payable on insured payroll of approximately $1.5 billion. Schedule 2 reimbursements will decrease as a result of the reclassification.

Expectations for 2002 stock markets are generally muted, with equity returns projected in most quarters in the single figures. Interest rate stability is anticipated in the fixed income area for 2002. While there is optimism that the worst of the current economic contraction has passed, there is little evidence of factors to precipitate explosive growth in the near term. As a result, investment revenue is expected to decline from the levels experienced before 2001. Overall for 2002, generic long-term returns may slightly exceed the 7.0 per cent target assumption, with markets continuing to be highly volatile.

Although both premium and investment revenue are expected to be lower than in 2001, the funding ratio is expected to remain relatively stable at 08.1 per cent and we expect to have an excess of revenues over expenses in 2002.

The WSIB is building a solid financial foundation for Ontario's workplace health and safety system in 2002 and beyond. This foundation will sustain the continued improvements to services we provide for workers and employers and support our workplace health and safety initiatives as we move closer to our vision: the elimination of all workplace injuries and illnesses.

BALANCE SHEET

AS AT DECEMBER 31

($ Millions)	2001	2000
ASSETS		
Cash and cash equivalents	$ 7	$ 52
Receivables	286	410
Investments (note 3)	10,674	10,309
Injured Workers' Retirement Fund (note 4)	412	388
Capital and other assets (note 5)	197	236
	$ 11,576	$ 11,395
LIABILITIES		
Payables and accruals	$ 322	$ 466
Mortgage payable (note 6)	73	73
Injured Workers' Retirement Fund (note 4)	412	388
Employee future benefit liability (note 11)	296	263
Benefit liabilities (note 7)	16,130	15,860
	17,233	17,070
UNFUNDED LIABILITY (note 8)	(5,657)	(5,675)
	$ 11,576	$ 11,395

On behalf of the Board of Directors:

Glen Wright, Chair
Director

Eileen Mercier, Vice-Chair
Director

The accompanying notes form an integral part of the financial statements.

BALANCE SHEET

AS AT DECEMBER 31

($ Millions)	2001	2000
ASSETS		
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Receivables	286	410
Investments (note 3)	10,674	10,309
Injured Workers' Retirement Fund (note 4)	412	388
Capital and other assets (note 5)	197	236
	$ 11,576	$ 11,395
LIABILITIES		
Payables and accruals	$ 322	$ 466
Mortgage payable (note 6)	73	77
Injured Workers' Retirement Fund (note 4)	412	388
Employee benefit liability (note 11)	296	283
Benefit liabilities (note 7)	16,130	15,881
	17,233	17,095
UNFUNDED LIABILITY (note 8)	(5,657)	(5,700)
	$ 11,576	$ 11,395

On behalf of the Board of Directors:

Glen Wright, Chair
Director

Eileen Mercier, Vice-Chair
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The accompanying notes form an integral part of the financial statements.

STATEMENT OF OPERATIONS AND UNFUNDED LIABILITY

FOR THE YEAR ENDED DECEMBER 31

($ Millions)	2001	2000
CURRENT OPERATIONS		
REVENUES		
Premiums for current year	$ 1,866	$ 1,760
Investments (note 3)	746	1,149
	2,612	2,909
EXPENSES		
Benefit costs (note 7)	3,039	2,694
Net increase in the Injured Workers' Retirement Fund (note 4)	24	56
Administrative and other expenses (note 9)	229	247
Legislated obligations and commitments (note 10)	162	156
	3,454	3,153
Excess (deficiency) of revenues over expenses from current operations	(842)	(244)
Premiums for unfunded liability	860	971
EXCESS OF REVENUES OVER EXPENSES APPLIED TO REDUCE THE UNFUNDED LIABILITY	18	727
Unfunded liability, beginning of year	5,675	6,402
Unfunded liability, end of year (note 8)	$ 5,657	$ 5,675

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31

($ Millions)	2001	2000
OPERATING CASH FLOWS		
Current Operations		
Cash received from:		
Current premiums	$ 1,856	$ 1,714
Cash paid to:		
Claimants, survivors and care providers	(2,508)	(2,342)
Injured Workers' Retirement Fund	(24)	(56)
Employees and suppliers for administrative goods and services	449	446
Others under legislated obligations and commitments	(157)	(156)
	(3,138)	(3,000)
Net cash required by current operations	(1,282)	(1,286)
INVESTING CASH FLOWS		
Investment income	$ 399	$ 450
Sale of investments	7,670	7,455
Purchase of investments	(7,688)	(7,514)
Net cash provided by investing activities	381	391
Cash received from unfunded liability premiums	856	437
Increase (decrease) in cash and cash equivalents	(45)	52
Cash and cash equivalents, beginning of year	52	—
Cash and cash equivalents, end of year	$ 7	$ 52

The accompanying notes form an integral part of the financial statements.

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FOR THE YEAR ENDED DECEMBER 31

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Cash and cash equivalents, beginning of year	52	—
Cash and cash equivalents, end of year	$ 7	$ 52

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001

1. Nature of operations

The Workplace Safety and Insurance Board (WSIB) is a statutory corporation created by an *Act* of the Ontario Legislature in 1914. It is responsible for administering the *Workplace Safety and Insurance Act, 1997*. The WSIB promotes the prevention of injuries and illnesses in Ontario workplaces and provides compensation to workers who sustain injuries arising out of and in the course of employment, or who contract occupational diseases.

The WSIB administers the *Workplace Safety and Insurance Act, 1997*, for two groups of employers, referred to as Schedule 1 and Schedule 2. Schedule 1 relates to services and industries in which employers are insured through "collective liability" and are required to contribute to the WSIB Insurance Fund.

Schedule 2 relates to employers who are "self-insured" in that they are individually liable. The Federal Government, which is covered under a separate agreement with Human Resources Development Canada, is also treated as a Schedule 2 employer. The WSIB pays the actual cost of claims for Schedule 2 workers and is reimbursed by those employers for the claims paid, as well as for the cost of prevention activities and administering the claims.

Investment revenue is earned from a diversified investment portfolio held to meet future obligations on existing claims.

The WSIB does not receive government funding or other assistance and raises funds through premium rates being applied to the payrolls of Ontario's Schedule 1 employers covered under the *Workplace Safety and Insurance Act, 1997*. This funding provides compensation to workers and survivors of the workers who are injured in the course of employment or who contract an occupational disease.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates.

The significant accounting policies are summarized as follows:

Cash and cash equivalents

Cash and cash equivalents are funds consisting of cash and money market instruments with initial maturities up to three months.

Investments

a) **Bonds and coupons**

Bonds and coupons are carried at amortized cost. Realized gains and losses on the sale of bonds and coupons are deferred and amortized over the lesser of 20 years or the period to maturity of the security sold.

b) **Equities and real estate**

Equities and real estate are carried at cost adjusted towards fair value, using a five-year moving average market method. Realized gains and losses are deferred and amortized over a four-year period.

c) **Short-term securities**

Short-term securities consist of money market instruments with maturities between three and twelve months and are carried at cost. Gains and losses from sales are included in income in the year they occur.

d) **Foreign currency translation**

Transactions in investments denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the time of the transaction. The cash and cash equivalents are translated to Canadian dollars at the exchange rate in effect at the balance sheet date.

Fair value of investments

The fair value of investments is determined as follows:

Bonds and equities are valued at year-end quoted prices where available. Where quoted prices are not available, estimated fair values are calculated based upon the yields and

values of comparable marketable securities. The fair value of bonds and equities denominated in foreign currencies is translated to Canadian dollars at the exchange rate in effect at the balance sheet date.

Short-term notes, treasury bills and term deposits maturing within a year are carried at cost, which together with accrued interest income approximates fair value given the short-term nature of these instruments.

The fair value of real estate is based on appraised values conducted on a cyclical basis.

Pooled fund investments are valued at the unit values supplied by the pooled fund administrator, which represent the WSIB's proportionate share of underlying net assets at fair values determined using closing market prices.

Fair value of other financial assets and liabilities

The fair value of cash, receivables, and payables approximates their carrying value due to the short-term nature of these instruments.

Injured Workers' Retirement Fund

The Injured Workers' Retirement Fund is invested in a pooled fund and is carried at fair value as defined above. Changes in fair value are taken into investment income of the Injured Workers' Retirement Fund in the year they occur.

Capital assets and depreciation

Capital assets are recorded at cost. The cost of buildings includes development, financing and other costs capitalized prior to becoming fully operational, at which time depreciation commences. Capital assets are depreciated using the straight line method at rates calculated to expense the cost of assets over their estimated useful lives which, in the case of buildings, office equipment and computer equipment, are 20 years, five years and three years respectively.

Premium revenue

Under the *Workplace Safety and Insurance Act, 1997*, the Board shall determine the total amount of the premiums to be paid each year by all Schedule 1 employers in order to maintain the Insurance Fund under this *Act*.

Premium revenue is determined by applying premium rates to estimated and actual payrolls for Schedule 1 employers.

Schedule 2 employers are individually liable to pay the benefits under the *Workplace Safety and Insurance Act, 1997*, with respect to the workers employed. Reimbursements for claims paid and the cost of administering the claims are included in the premiums of the WSIB.

Premiums for unfunded liability

In advance of the fiscal year, the WSIB notifies Schedule 1 employers of the methods used to calculate these rates, the premiums payable and the payment schedule. Premium rates include a specified component that is applied to reduce the unfunded liability.

Benefit liabilities

The benefit liabilities are determined annually through an actuarial valuation and represent a provision for future benefit payments and the future cost of administering claims relating to claims incurred on or before December 31. The provision has been obtained by estimating future benefit payments in accordance with the adjudication practices in effect at December 31 and is based on legislation enacted January 1, 1998.

The benefit liabilities do not include any provision for payment of Schedule 2 claims as they are a liability of Schedule 2 employers.

Benefit liabilities do not include any provision for future claims relating to occupational diseases and injuries that are not currently considered to be work related.

3. Investments and investment revenue

The carrying value of investments comprises investments at cost of $10,830 million (2000: $10,980 million) including accrued investment income, plus adjustments towards fair value of $575 million (2000: $653 million), less unamortized net gains realized on the sale of investments of $731 million (2000: $1,330 million).

Investments by category are as follows:

($ Millions)	2001		2000	
	Carrying value	Fair value	Carrying value	Fair value
Fixed income securities				
Bonds	$ 2,659	$ 3,147	$ 3,548	$ 4,027
	2,659	3,147	3,548	4,027
Equities				
Domestic	3,041	3,573	2,828	3,756
Foreign – U.S.	783	930	712	992
– Global	3,745	3,855	2,828	3,389
	7,569	8,358	6,368	8,137
Real estate	390	412	327	362
Accrued investment income	56	56	66	66
	$ 10,674	$ 11,973	$ 10,309	$ 12,581

The WSIB engages in a securities lending program [illegible] securities are loaned to borrowers, approved by the WSIB and the custodian, for a fee, against [illegible] collateral. At December 31, 2001, the fair value of securities on loan was $1,637 million (2000: $2,170 million).

values of comparable marketable securities. The fair value of bonds and equities denominated in foreign currencies is translated to Canadian dollars at the exchange rate in effect at the balance sheet date.

Short term notes, treasury bills and term deposits maturing within a year are carried at cost, which together with accrued interest income approximates fair value given the short term nature of these instruments.

The fair value of real estate is based on appraised values conducted on a cyclical basis.

Pooled fund investments are valued at the unit values supplied by the pooled fund administrator, which represent the WSIB's proportionate share of underlying net assets at fair values determined using closing market prices.

Fair value of other financial assets and liabilities

The fair value of cash, receivables, and payables approximates their carrying value due to the short term nature of these instruments.

Injured Workers' Retirement Fund

The Injured Workers' Retirement Fund is invested in a pooled fund and is carried at fair value as defined above. Changes in fair value are taken into investment income of the Injured Workers' Retirement Fund in the year they occur.

Capital assets and depreciation

Capital assets are recorded at cost. The cost of facilities includes design, site, finance and other costs capitalized prior to becoming fully operational, at which time depreciation commences. Capital assets are depreciated on the straight-line method at rates calculated to expense the cost of assets over their estimated useful lives. As well, in the case of facilities, office equipment and computer equipment, the 20 years, five years and three years respectively.

Premium revenue

Under the *Workplace Safety and Insurance Act, 1997*, the board shall determine the total amount of the premiums to be paid each year by all Schedule 1 employers in order to maintain the Insurance Fund under this Act.

Premium income is determined by applying premium rates to estimated and actual payrolls for Schedule 1 employers.

Schedule 2 employers are individually liable to pay the benefits under the *Workplace Safety and Insurance Act, 1997*, with respect to the workers employed. Reimbursements for claims paid and the cost of administering the claims are included in the premiums of the WSIB.

Premiums for unfunded liability

In advance of the fiscal year, the WSIB notifies Schedule 1 employers of the methods used to calculate these rates, the premiums payable and the payment schedule. Premium rates include a specified component that is applied to reduce the unfunded liability.

Benefit liabilities

The benefit liabilities are determined annually through an actuarial valuation and represent a provision for future benefit payments and the future cost of administering claims relating to claims incurred on or before December 31. The provision has been obtained by estimating future benefit payments in accordance with the adjudication practices in effect at December 31 and is based on legislation enacted January 1, 1998.

The benefit liabilities do not include any provision for payment of Schedule 2 claims as they are a liability of Schedule 2 employers.

Benefit liabilities do not include any provision for future claims relating to occupational diseases and injuries that are not currently considered to be work related.

3. *Investments and investment revenue*

The carrying value of investments comprises benefits at cost of $10,830 million (2000: $10,980 million) including accrued investment income, plus a benefits bonds at fair value of $565 million (2000: $653 million), less unamortized net gains/losses on the sale of investments of $731 million (2000: $1,330 million).

Investments by category are as follows:

($ Millions)	2001		2000	
	Carrying value	Fair value	Carrying value	Fair value
Fixed income securities				
Bonds	$ 2,659	$ 3,147	$ 3,948	$ 4,022
	2,659	3,147	3,948	4,022
Equities				
Domestic	3,041	3,673	2,876	3,756
Foreign – U.S.	783	930	712	992
– Global	3,745	3,855	2,828	3,889
	7,569	8,458	6,416	8,637
Real estate	390	472	427	562
Accrued investment income	56	56	59	59
	$ 10,674	$ 12,133	$ 10,850	$ 13,280

The WSIB engages [illegible] to manage the fixed income securities and equities portfolios. The fixed income securities are held [illegible] and the remaining fixed income securities are held [illegible]. At December 31, 2001, the [illegible] was $1,037 million (2000: $1,[illegible]).

Foreign currency exposure to currency risk. Derivative instruments are used for the sole purpose of hedging foreign currency transactions to reduce currency risk. Such instruments are valued at year-end market prices. The notional amount of foreign currency contracts hedging investments in foreign currencies totaled $320 million at December 31, 2001 (2000: $242 million). Their related fair value at year-end was $325 million (2000: $243 million). The contracts mature in the first three months of 2002.

Included in the investment portfolio are securities denominated in foreign currencies with a fair value of $4,775 million (2000: $4,330 million).

Revenue by category of investment is as follows:

($ Millions)	2001	2000
Bonds	$ 250	$ 285
Equities and real estate	527	854
Short-term securities	8	11
	785	1,150
Injured Workers' Retirement Fund	12	21
Investment expenses	27	22
Investment income	$ 746	$ 1,149

In 2001, $379 million (2000: $743 million) of realized and unrealized net gains were attributed to investment income.

4. Injured workers' retirement fund

Under section 44 of the *Workers' Compensation Act* and Regulations of Ontario, R.S.O. 1990 (which continues to apply to injuries and diseases incurred prior to January 1, 1998) the WSIB sets aside funds equal to 10 per cent of every payment made to injured workers under section 43 of that Act. These funds are segregated from the WSIB's Insurance Fund and are invested to provide retirement income benefits for injured workers.

Under section 45 of the new *Workplace Safety and Insurance Act, 1997*, effective January 1, 1998, the WSIB sets aside five per cent rather than 10 per cent of workers' loss of earnings benefits for his/her retirement fund for claims incurred after December 31, 1997. The injured worker may choose to contribute a further five per cent from his/her loss of earnings benefits. The amount is set aside only after the worker has received payments for loss of earnings for 12 continuous months.

The carrying value of the fund at December 31 is as follows:

($ Millions)	2001	2000
Cash	$ 2	$ 2
Investment in pooled fund	410	386
	$ 412	$ 388

The underlying securities in the pooled fund include fixed income securities $155 million (2000: $134 million), equities $242 million (2000: $225 million), and real estate/other assets $13 million (2000: $12 million).

Bonds by term to maturity as at December 31:

($ Millions)	2001					2000
	Term to maturity					
	Up to 1 year	1–5 years	5–10 years	Over 10 years	Total	Total
Government bonds						
Carrying value	$ —	$ 985	$ 692	$ 561	$ 2,238	$ 2,994
Fair value	$ —	$ 1,026	$ 712	$ 577	$ 2,315	$ 3,061
Yield		3.8	5.3	5.9	4.8	5.6
Corporate bonds						
Carrying value	$ 4	$ 343	$ 226	$ 237	$ 810	$ 954
Fair value	$ 4	$ 357	$ 234	$ 237	$ 832	$ 961
Yield	2.4	4.3	5.9	6.7	5.4	6.3
less: Unamortized gain					389	403
Total						
Carrying value					$ 2,659	$ 3,548
Fair value					$ 3,147	$ 4,022
Yield					5.0	5.7

The yield is calculated to maturity, which is the discount rate that makes the present value of future cash flows of each bond equal to its fair value at December 31.

In 2001, the net increase in the Injured Workers' Retirement Fund was $24 million (2000: $56 million).

The change in net assets is as follows:

($ Millions)	2001	2000
Fund set aside under the Act	$ 50	$ 46
Investment income/(loss)	(12)	21
Benefit costs paid	(14)	(11)
Increase in net assets	24	56
Net assets, beginning of year	388	332
Net assets, end of year	$ 412	$ 388

5. Capital and other assets

($ Millions)	2001		2000
	Cost	Net carrying value	Net carrying value
Buildings and leasehold improvements	$ 217	$ 150	$ 160
Office equipment	107	11	14
Computer equipment	89	24	28
	413	185	202
Other assets	12	12	34
	$ 425	$ 197	$ 236

Depreciation expense in 2001 was $35 million (2000: $30 million).

6. Mortgage payable

The WSIB is a 75 per cent participant in the co-ownership agreement of its head office building. To fund part of the development and construction of the building, the WSIB entered into a long term mortgage loan agreement in 1993. The mortgage loan is secured by the building and matures in the year 2015. The interest rate is fixed at 10.25 per cent per annum, compounded semi annually.

7. Benefit liabilities and benefit costs

Benefit liabilities represent an actuarially determined provision for future benefit payments and administration costs relating to incurred claims discounted to present value at the assumed net investment returns shown below. Estimates of future benefit payments refer to both reported and unreported claims which have arisen from work related injuries and occupational diseases that occurred on or before December 31, 2001 and are based on the level and nature of entitlement, as prescribed by legislation, and on adjudication practices in effect at December 31, 2001 and 2000. The benefit liabilities were determined using accepted actuarial practices in accordance with the standards established by the Canadian Institute of Actuaries.

The actuarial present value of future benefit payments depends upon economic and actuarial assumptions, which were based upon past experience, modified for current trends. These assumptions may change over time to reflect underlying conditions and it is possible that such changes could cause a material change in the actuarial present value of future benefit payments.

The following key long-term economic assumptions were used in the actuarial valuation of the benefit liabilities:

($ Millions)	2001	2000
Inflation rate	3	3
Investment rate of return	7	7
Rate of indexation of benefits		
Fully indexed	3	3
Partially indexed	0.5	0.5
Net investment return		
Fully indexed	4	4
Partially indexed	6.5	6.5
Wage and health care costs escalation rate	4	4

Mortality estimates were based on the WSIB's mortality experience of 1991–1995 for injured workers and on the Ontario Life Tables adjusted to reflect WSIB's mortality projections for survivors of deceased workers of 1990–1992. Provision has been made for the effect of future increases in the covered earnings ceiling and indexation of benefits.

Management believes the amount provided for future payments for incurred claims to be adequate. Long-term economic and actuarial assumptions and methods are reviewed annually at December 31 of each year, when independent actuarial valuations are performed. The actuarial present value of future benefit payments for reported and unreported work related injuries and occupational diseases that occurred in the year are recorded as benefit costs, together with adjustments, if any, resulting from the continuous review of entitlements and experience and from changes in legislation, assumptions or methods.

The Benefit liabilities include a provision of $768 million (2000: $785 million) for future costs of administering existing claims. Administrative and other expenses have been reduced by $261 million (2000: $227 million) related to the provision for benefit liabilities relating to early administration expense for the current year.

Foreign investments are exposed to currency risk. Derivative instruments are used for the sole purpose of hedging foreign currency transactions to reduce currency risk. Such instruments are valued at year-end market prices. The notional amount of foreign currency contracts hedging investments in foreign currencies totalled $320 million at December 31, 2001 (2000: $242 million). Their related fair value at year-end was $325 million (2000: $243 million). The contracts mature in the first three months of 2002.

Included in the investment portfolio are securities denominated in foreign currency with a fair value of $4,775 million (2000: $4,330 million).

Revenue by category of investment is as follows:

($ Millions)	2001	2000
Bonds	$ 250	$ 285
Equities and real estate	527	854
Short-term securities	8	11
	785	1,150
Injured Workers' Retirement Fund	(12)	21
Investment expenses	(27)	22
Investment revenue	$ 746	$ 1,149

In 2001, $379 million (2000: $743 million) of realized and unrealized net gains were amortized to investment revenue.

4. Injured workers' retirement fund

Under section 44 of the *Workers' Compensation Act* and Regulations of Ontario, R.S.O. 1990 (which continues to apply to injuries and diseases incurred prior to January 1, 1998) the WSIB sets aside funds equal to 10 per cent of every payment made to injured workers under section 43 of that *Act*. These funds are segregated from the WSIB's Insurance Fund and are invested to provide retirement income benefits for injured workers.

Under section 45 of the new *Workplace Safety and Insurance Act, 1997*, effective January 1, 1998, the WSIB sets aside five per cent rather than 10 per cent of workers' loss of earnings benefits for his/her retirement fund for claims incurred after December 31, 1997. The injured worker may choose to contribute a further five per cent from his/her loss of earnings benefits. The amount is set aside only after the worker has received payments for loss of earnings for 12 continuous months.

The carrying value of the fund at December 31 is as follows:

($ Millions)	2001	2000
Cash	$ 2	$ 2
Investment in pooled fund	410	386
	$ 412	$ 388

The underlying securities in the pooled fund include fixed income securities $155 million (2000: $149 million), equities $242 million (2000: $225 million) and money market instruments $13 million (2000: $12 million).

Bonds by term to maturity as at December 31:

($ Millions)	2001					2000
	Term to maturity					
	Up to 1 year	1–5 years	5–10 years	Over 10 years	Total	Total
Government bonds						
Carrying value	$ —	$ 985	$ 692	$ 561	$ 2,238	$ 2,994
Fair value	$ —	$ 1,026	$ 712	$ 577	$ 2,315	$ 3,061
Yield		3.8	5.3	5.9	4.8	5.6
Corporate bonds						
Carrying value	$ 4	$ 343	$ 226	$ 237	$ 810	$ 957
Fair value	$ 4	$ 357	$ 234	$ 237	$ 832	$ 961
Yield	2.4	4.3	5.9	6.7	5.4	6.3
Less: Unamortized gain					389	403
Total						
Carrying value					$ 2,659	$ 3,548
Fair value					$ 3,147	$ 4,022
Yield					5.0	5.7

The average yield reflects the yield to maturity, which is the discount rate that makes the present value of future cash flows of each bond equal to its fair value at December 31.

In 2001, the net increase in the Injured Workers' Retirement Fund was $24 million (2000: $56 million).

The change in net assets is as follows:

($ Millions)	2001	2000
Fund set aside under the Act	$ 50	$ 46
Investment income/(loss)	(12)	21
Benefit costs paid	(14)	(11)
Increase in net assets	24	56
Net assets, beginning of year	388	332
Net assets, end of year	$ 412	$ 388

5. Capital and other assets

($ Millions)	2001		2000
	Cost	Net carrying value	Net carrying value
Buildings and leasehold improvements	$ 217	$ 150	$ 160
Office equipment	107	11	14
Computer equipment	89	24	28
	413	185	202
Other assets	12	12	34
	$ 425	$ 197	$ 236

Depreciation expense in 2001 was $35 million (2000: $30 million).

6. Mortgage payable

The WSIB is a 75 per cent participant in the co-ownership agreement of its head office building. To fund part of the development and construction of the building, the WSIB entered into a long-term mortgage loan agreement in 1993. The mortgage loan is secured by the building and matures in the year 2015. The interest rate is fixed at 10.25 per cent per annum, compounded semi-annually.

7. Benefit liabilities and benefit costs

Benefit liabilities represent an actuarially determined provision for future benefit payments and administration costs relating to incurred claims discounted to present value at the assumed net investment returns shown below. Estimates of future benefit payments refer to both reported and unreported claims which have arisen from work-related injuries and occupational diseases that occurred on or before December 31, 2001 and are based on the level and nature of entitlement, as prescribed by legislation, and on adjudication practices in effect at December 31, 2001 and 2000. The benefit liabilities were determined using accepted actuarial practices in accordance with the standards established by the Canadian Institute of Actuaries.

The actuarial present value of future benefit payments depends upon economic and actuarial assumptions, which were based upon past experience, modified for current trends. These assumptions may change over time to reflect underlying conditions and it is possible that such changes could cause a material change in the actuarial present value of future benefit payments.

The following key long-term economic assumptions were used in the actuarial valuation of the benefit liabilities:

($ Millions)	2001	2000
Inflation rate	3%	3
Investment rate of return	7%	7
Rate of indexation of benefits		
Fully indexed	3%	3
Partially indexed	0.5	0 5
Net investment return		
Fully indexed	4%	4
Partially indexed	6.5%	6 5
Wage and health care costs escalation rate	4%	4

Mortality estimates were based on the WSIB's mortality experience of 1991–1995 for injured workers and on the Ontario Life Tables adjusted to reflect WSIB's mortality projections for survivors of deceased workers of 1990–1992. Provision has been made for the effect of future increases in the covered earnings ceiling and indexation of benefits.

Management believes the amount provided for future payments for incurred claims to be adequate. Long-term economic and actuarial assumptions and methods are reviewed annually at December 31 of each year, when independent actuarial valuations are performed. The actuarial present value of future benefit payments for reported and unreported work-related injuries and occupational diseases that occurred in the year are recorded as benefit costs, together with adjustments, if any, resulting from the continuous review of entitlements and experience and from changes in legislation, assumptions or methods.

The benefit liabilities include a provision of $768 million (2000: $755 million) for future costs of administering existing claims. Administrative and other expenses have been reduced by $261 million (2000: $227 million), released from the provision for benefit liabilities relating to claim administration expense for the current year.

Benefit liabilities provision and benefit costs paid in 2001 were as follows:

($ Millions)	2001								2000
		Labour market re-entry							
	Long-term disability	Income support	External providers	Short-term disability	Health care	Survivor benefits	Claim administration costs	Total	Total
Benefit liabilities, Beginning of year	$ 11,362	$ 363	$ 246	$ 590	$ 1,224	$ 1,320	$ 755	**$ 15,860**	**$ 15,735**
Benefit costs	1,434	(86)	34	479	607	297	274	**3,039**	**2,694**
Benefit costs paid, During the year									
Schedule 1	(1,230)	(82)	(70)	(465)	(299)	(119)	(261)	**(2,526)**	**(2,341)**
Schedule 2	(112)	(6)	(3)	(61)	(33)	(14)	—	**(229)**	**(217)**
Injured Workers' Retirement Fund	(14)	—	—	—	—	—	—	**(14)**	**(11)**
	(1,356)	(88)	(73)	(526)	(332)	(133)	(261)	**(2,769)**	**(2,569)**
Change in benefit liabilities	78	(174)	(39)	(47)	275	164	13	**270**	**125**
Benefit liabilities, End of year	$ 11,440	$ 189	$ 207	$ 543	$ 1,499	$ 1,484	$ 768	**$ 16,130**	**$ 15,860**

8. Actuarial reconciliation of the change in the unfunded liability

The actuarial reconciliation of the change in the unfunded liability is as follows:

($ Millions)		2001		2000
Unfunded liability, beginning of year		$ 5,675		$6,402
Add (deduct)				
Investment income not earned due to shortfall in invested assets		404		450
Premiums allocated to reduction of unfunded liability		(860)		(971)
Experience (gains) / losses resulting from:				
Indexation of benefits less than expected		(110)		(49)
Higher than expected investment returns		(8)		(426)
Prior and current years' claims experience		77		234
Changes in assumptions:				
Long-term loss of earnings	18		(140)	
Future claim administration costs	—		(80)	
Health care benefits	243		59	
Long-term disability	100		180	
Other changes	108	469	(89)	(70)
Change in personal income tax rates		10		105
Unfunded liability, end of year		$ 5,657		$5,675

9. Administrative and other expenses

Administrative and other expenses consist of the following:

($ Millions)	2001	2000
Salaries and employee benefits	$ 305	$ 295
Equipment depreciation and maintenance	45	42
Occupancy	35	31
Communication	12	11
Supplies and services	20	16
Travel and vehicle maintenance	8	7
New Systems Development and Integration	47	58
Other	18	14
	490	474
Claim administration costs (note 7)	(261)	(227)
	$ 229	$ 247

10. Related party transactions

Legislated obligations and commitments

Under the *Workplace Safety and Insurance Act, 1997*, and as directed by the Lieutenant Governor through Orders in Council, the WSIB is required to reimburse the Government of Ontario for the administrative cost of the *Occupational Health and Safety Act*. In addition, the WSIB is also required to fund the operating costs of the Workplace Safety and Insurance Appeals Tribunal, the Offices of the Worker and Employer Advisor and the mine rescue

stations. The amounts of reimbursements and funding are determined and approved by the Minister of Labour. The WSIB is also committed to provide funding for the Institute for Work and Health and for the Safe Workplace Associations. The total amount of funding provided under these legislated obligations and commitments in 2001 was $162 million (2000: $156 million).

Investments

Included in investments are marketable fixed income securities issued by the Ontario provincial government and related corporations of $262 million (2000: $373 million).

Other

In addition to the legislated obligations and accident prevention expenses, the financial statements include amounts resulting from transactions conducted in the normal course of operations, with various Ontario government-controlled ministries, agencies, and Crown corporations with which the WSIB may be considered related. Such transactions are conducted on terms and conditions similar to those transactions with unrelated parties. Account balances resulting from these transactions are not significant.

11. Employee future benefit liability

In accordance with section 3461 of the CICA handbook, the cost of employee future benefits is recognized in the reporting period in which employees have provided the service. At year-end 2001, the WSIB's accrued liability for employee future benefits, other than pensions, was $296 million (2000: $283 million).

The significant actuarial assumptions adopted to value the WSIB's accrued liability for employee future benefit obligation other than pensions were as follows:

	2001	2000
Discount rate	7%	7%
Health care cost trend rate		
Medical – for first 10 years	7%	7%
– subsequent years	4%	4%
Dental	4%	4%

12. Pension plans

The WSIB has two pension plans for its employees and Safe Workplace Associations: the WSIB Employees' Pension Plan and the WSIB Employees' Supplementary Pension Plan.

The WSIB Employees' Pension Plan is a contributory defined benefit pension plan which provides for partially indexed pensions based on years of service and earnings rates near retirement. The investment activities and the administrative and accounting matters of the pension plan are administered by the WSIB. An independent actuarial valuation performed as of December 31, 2001 in accordance with section 3461 of the CICA handbook, "Employee Future Benefits," has determined that the pension plan is in a surplus position. The accrued pension obligations of the plan reflect management's estimates of salary escalations, investment rate of return, mortality of members, terminations, and ages at which members will retire.

The WSIB's Employees' Supplementary Pension Plan is a contributory defined benefit plan created to ensure that employees of the WSIB and Safety Workplace Agencies whose earnings exceed the threshold earnings for the maximum pension benefit permitted under the *Income Tax Act (Canada)* will receive pension benefits based on their total earnings. The investment activities and the administrative and accounting matters of the supplementary pension plan are administered by the WSIB.

The Employees' Pension Plan status as at December 31 is as follows:

($ Millions)	2001	2000
Fair value of plan assets	$1,147.1	$1,186.8
Accrued pension benefits obligation	1,057.0	977.2
Plan surplus	$ 90.1	$ 209.6
Accrued benefit asset (liability) as at December 31	$ (5.2)	$ 22.6
Activity for the year		
Plan expense for the year	$ 27.8	$ 24.2
Employer contributions	$ –	$ –
Employee contributions	$ –	$ –
Pension benefits paid	$ 34.8	$ 36.0

The significant actuarial assumptions adopted as at December 31 to value the Employees' Pension Plan is as follows:

	2001	2000
Discount rate	7.0%	7.0%
Expected long-term rate of return on plan assets	7.5%	7.5%
Rate of compensation increase	5.5%	5.5%

The Supplementary Pension Plan status as at December 31 is as follows:

($ Millions)	2001	2000
Fair value of plan assets	$ 1.2	$ 0.8
Accrued pension benefits obligation	10.3	8.9
Plan (deficit)	$ (9.1)	$ (8.1)
Accrued benefit asset (liability) as at December 31	$ (4.1)	$ (2.7)
Activity for the year		
Plan expense for the year	$ 1.6	$ 2.9
Employer contributions	$ 0.2	$ 0.2
Employee contributions	$ 0.3	$ 0.2
Pension benefits paid	$ 0.1	$ –

Benefit liabilities provision and benefit costs paid in 2001 were as follows:

(S Millions)	2001								2000
		Labour market re-entry							
	Long-term disability	Income support	External providers	Short-term disability	Health care	Survivor benefits	Claim administration costs	Total	Total
Benefit liabilities, Beginning of year	$ 11,362	$ 363	$ 246	$ 590	$ 1,224	$ 1,320	$ 755	**$ 15,860**	**$ 15,735**
Benefit costs	1,434	(86)	34	479	607	297	274	**3,039**	**2,694**
Benefit costs paid, During the year									
Schedule 1	(1,230)	(82)	(70)	(465)	(299)	(119)	(261)	**(2,526)**	**(2,341)**
Schedule 2	(112)	(6)	(3)	(61)	(33)	(14)	—	**(229)**	**(217)**
Injured Workers' Retirement Fund	(14)	—	—	—	—	—	—	**(14)**	**(11)**
	(1,356)	(88)	(73)	(526)	(332)	(133)	(261)	**(2,769)**	**(2,569)**
Change in benefit liabilities	78	(174)	(39)	(47)	275	164	13	**270**	**125**
Benefit liabilities, End of year	$ 11,440	$ 189	$ 207	$ 543	$ 1,499	$ 1,484	$ 768	**$ 16,130**	**$ 15,860**

8. Actuarial reconciliation of the change in the unfunded liability

The actuarial reconciliation of the change in the unfunded liability is as follows:

(S Millions)		2001		2000
Unfunded liability, beginning of year		$ 5,675		$6,402
Add (deduct)				
Investment income not earned due to shortfall in invested assets		404		450
Premiums allocated to reduction of unfunded liability		(860)		971
Experience (gains) / losses resulting from:				
Indexation of benefits less than expected		(110)		49
Higher than expected investment returns		(8)		(426)
Prior and current years' claims experience		77		234
Changes in assumptions:				
Long-term loss of earnings	18		140	
Future claim administration costs	—		(80)	
Health care benefits	243		59	
Long-term disability	100		180	
Other changes	108	469	89	(70)
Change in personal income tax rates		10		105
Unfunded liability, end of year		$ 5,657		$5,675

9. Administrative and other expenses

Administrative and other expenses consist of the following:

(S Millions)	2001	2000
Salaries and employee benefits	$ 305	$ 295
Equipment depreciation and maintenance	45	42
Occupancy	35	31
Communication	12	11
Supplies and services	20	16
Travel and vehicle maintenance	8	7
New Systems Development and Integration	47	58
Other	18	14
	490	474
Claim administration costs (note 7)	(261)	(227)
	$ 229	$ 247

10. Related party transactions

Legislated obligations and commitments

Under the *Workplace Safety and Insurance Act, 1997*, and as directed by the Lieutenant Governor through Orders in Council, the WSIB is required to reimburse the Government of Ontario for the administrative cost of the *Occupational Health and Safety Act*. In addition, the WSIB is also required to fund the operating costs of the Workplace Safety and Insurance Appeals Tribunal, the Offices of the Worker and Employer Advisor and the mine rescue

stations. The amounts of reimbursements and funding are determined and approved by the Minister of Labour. The WSIB is also committed to provide funding for the Institute for Work and Health and for the Safe Workplace Associations. The total amount of funding provided under these legislated obligations and commitments in 2001 was $162 million (2000: $156 million).

Investments

Included in investments are marketable fixed income securities issued by the Ontario provincial government and related corporations of $262 million (2000: $373 million).

Other

In addition to the legislated obligations and accident prevention expenses, the financial statements include amounts resulting from transactions conducted in the normal course of operations, with various Ontario government controlled ministries, agencies, and Crown corporations with which the WSIB may be considered related. Such transactions are conducted on terms and conditions similar to those transactions with unrelated parties. Account balances resulting from these transactions are not significant.

11. Employee future benefit liability

In accordance with section 3461 of the CICA handbook, the cost of employee future benefits is recognized in the reporting period in which employees have provided the services. At year-end 2001, the WSIB's accrued liability for employee future benefits, other than pensions, was $296 million (2000: $263 million).

The significant actuarial assumptions adopted to value the WSIB's accrued liability for employee future benefit obligation other than pensions were as follows:

	2001	2000
Discount rate	7	7
Health care cost trend rate		
Medical – for first 10 years	7	7
– subsequent years	4	4
Dental	4	4

12. Pension plans

The WSIB has two pension plans for its employees and Safe Workplace Associations: the WSIB Employees' Pension Plan and the WSIB Employees' Supplementary Pension Plan.

The WSIB Employees' Pension Plan is a contributory defined benefit pension plan which provides for partially indexed pensions based on years of service and earnings rates near retirement. The investment activities and the administrative and accounting matters of the pension plan are administered by the WSIB. An independent actuarial valuation performed as of December 31, 2001 in accordance with section 3461 of the CICA handbook, "Employee Future Benefits," has determined that the pension plan is in a surplus position. The accrued pension obligations of the plan reflect management's estimates of salary escalations, investment rate of return, mortality of members, terminations, and ages at which members will retire.

The WSIB's Employees' Supplementary Pension Plan is a contributory defined benefit plan created to ensure that employees of the WSIB and Safety Workplace Agencies whose earnings exceed the threshold earnings for the maximum pension benefit permitted under the *Income Tax Act* (Canada) will receive pension benefits based on their total earnings. The investment activities and the administrative and accounting matters of the supplementary pension plan are administered by the WSIB.

The Employees' Pension Plan status as at December 31 is as follows:

(S Millions)	2001	2000
Fair value of plan assets	$1,147.1	$1,[illegible]
Accrued pension benefits obligation	1,057.0	977.2
Plan surplus	$ 90.1	$ [illegible]
Accrued benefit asset (liability) as at December 31	$ 5.2	$ 22.6
Activity for the year		
Plan expense for the year	$ 27.8	$ [illegible]
Employer contributions	$ —	$ —
Employee contributions	$ —	$ —
Pension benefits paid	$ 34.8	$ [illegible]

The significant actuarial assumptions adopted as at December 31 to value the Employees' Pension Plan is as follows:

	2001	2000
Discount rate	7.0	7.0
Expected long-term rate of return on plan assets	7.5	7.5
Rate of compensation increase	3.5	3.5

The Supplementary Pension Plan status as at December 31 is as follows:

(S Millions)	2001	2000
Fair value of plan assets	$ 1.2	$ [illegible]
Accrued pension benefits obligation	10.3	[illegible]
Plan deficit	$ (9.1)	$ (8.1)
Accrued benefit asset (liability) as at December 31	$ (4.1)	$ [illegible]
Activity for the year		
Plan expense for the year	$ 1.6	$ [illegible]
Employer contributions	$ 0.7	$ [illegible]
Employee contributions	$ 0.3	$ [illegible]
Pension benefits paid	$ 0.1	$ —

The significant actuarial assumptions adopted as at December 31 to value the Supplementary Pension plan is as follows:

	2001	2000
Discount rate	7.00%	7.00%
Expected long-term rate of return on plan assets	3.75%*	3.75%*
Rate of compensation increase	5.50%	5.50%

* Adjusted to reflect the impact of 50% refundable tax, under the *Income Tax Act (Canada)*

13. Commitments and contingencies

Operating leases

At December 31, 2001, the WSIB was committed under non-cancellable operating leases requiring future minimum payments of approximately $17 million per year over the next five years and $36 million in aggregate thereafter.

Legal actions

The WSIB is party to various claims and lawsuits which are being contested. In the opinion of management, the outcome of such claims and lawsuits will not have a material effect on the WSIB.

Bank line of credit

The WSIB maintains an unsecured $150 million line of credit with a commercial bank. The credit line was not utilized in 2001.

14. Subsequent event

Electrical utilities, formerly agencies of provincial and municipal governments, have been required to incorporate their operations under the *Ontario Business Corporations Act*. Effective January 1, 2002, the WSIB will transfer all electrical utility employers previously covered under Schedule 2 to Schedule 1. The estimated impact of this transfer in 2002 will be an increase in receivables of $90 million, an increase in benefit liability of $143 million, and an increase in the unfunded liability of $53 million.

15. Comparative figures

Certain of the comparative amounts have been reclassified to conform with the presentations adopted in the current year.

The significant actuarial assumptions adopted as at December 31 to value the Supplementary Pension plan is as follows:

	2001	2000
Discount rate	7.00%	7.00%
Expected long-term rate of return on plan assets	3.75%*	3.75%*
Rate of compensation increase	5.50%	5.50%

* Adjusted to reflect the impact of 50% refundable tax, under the *Income Tax Act (Canada)*

13. Commitments and contingencies

Operating leases

At December 31, 2001, the WSIB was committed under non cancellable operating leases requiring future minimum payments of approximately $17 million per year over the next five years and $36 million in aggregate thereafter.

Legal actions

The WSIB is party to various claims and lawsuits which are being contested. In the opinion of management, the outcome of such claims and lawsuits will not have a material effect on the WSIB.

Bank line of credit

The WSIB maintains an unsecured $150 million line of credit with a commercial bank. The credit line was not utilized in 2001.

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15. Comparative figures

Certain of the comparative amounts have been reclassified to conform with the presentations adopted in the current year.

RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements were prepared by management in accordance with Canadian generally accepted accounting principles, consistently applied, and include some amounts based upon management's best estimates and judgements. Any financial information contained elsewhere in the Annual Report is consistent with these financial statements.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss. The Board of Directors has established an Audit Committee, to ensure that management fulfils these responsibilities. The Audit Committee meets periodically with management, internal auditors and external auditors to ensure that their responsibilities are properly discharged with respect to financial statement presentation, disclosure and recommendations on internal control.

The Internal Audit Branch performs audits designed to test the adequacy and consistency of the WSIB's internal controls, practices and procedures.

The external auditors, KPMG LLP, working under the direction of the Provincial Auditor, have performed an independent audit of the financial statements of the WSIB in accordance with Canadian generally accepted auditing standards. Their report outlines the scope of this independent audit and their opinion on the financial statements of the WSIB.

Eckler Partners Ltd., the independent consulting actuaries to the WSIB, express an opinion on the adequacy and appropriateness of the valuation of the WSIB's benefits liability.

David Williams
President and
Chief Executive Officer

Thomas Chan
Vice President,
Finance and Corporate Services
and Chief Financial Officer

March 8, 2002

AUDITOR'S REPORT

To the Workplace Safety and Insurance Board,
the Minister of Labour
and to the Provincial Auditor

Pursuant to the *Workplace Safety and Insurance Act* which provides that the accounts of the Workplace Safety and Insurance Board ("WSIB") shall be audited by the Provincial Auditor or under his direction by an auditor appointed by the Lieutenant Governor in Council for that purpose, we have audited the balance sheet of the WSIB as at December 31, 2001 and the statements of operations and unfunded liability and cash flows for the year then ended. These financial statements are the responsibility of WSIB management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the WSIB as at December 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Toronto, Canada
March 8, 2002

CONSULTING ACTUARIES' REPORT

Eckler Partners Ltd.

Consulting Actuaries' Report on The Valuation of the Benefits Liabilities of the Schedule 1 Insurance Fund of The Workplace Safety and Insurance Board of Ontario as at December 31, 2001

We have determined the estimated present value as at December 31, 2001 of future payments for short term disability, long term disability, labour market re-entry, survivor benefits, health care, retirement income benefits and claims administration costs under Schedule 1 on account of accidents that occurred on or before that date to be $16,130 million. We have examined the data upon which the calculations were based and found them to be sufficient and reliable for the purposes of the valuation and consistent with the WSIB's financial statements. We consulted with the Chief Actuary in selecting appropriate assumptions and methods for the valuation. As in previous valuations, the present value does not include provision for future claims related to occupational disease.

In this valuation, we have included the estimated present value of future payments for claims administration in the calculation of the total Schedule 1 liability, using an assumption of 5% of the estimated present value of benefits as at December 31, 2001.

The present value reported above includes the liability for benefits under Bill 162 which came into effect as of January 2, 1990. For the purpose of this valuation, we continue to use the same assumptions as were used in the previous valuation regarding the average percentage of permanent impairment of workers becoming eligible for compensation for non-economic loss under section 42, of the average percentage wage loss of workers becoming eligible for compensation for future loss of earnings under section 43 and of the portions of compensation for future loss of earnings under section 43. The assumption and methodology for valuing the portions of supplemental pensions under section 43(9) of the Act which will be continued following the reviews 24 months and 60 months after the benefits commence have been modified to better reflect Board policy and experience.

The present value also takes into account the provisions of Bill 165, which came into effect as of January 1, 1995 and the provisions of Bill 99, which came into effect as of January 1, 1998.

The valuation was based on the provisions of the *Workplace Safety and Insurance Act* and on the WSIB's administrative practices in effect as of January 1, 2002. Full provision has been made for potential future increases in the covered earnings ceiling and in the level of compensation as provided under the Act by using a net investment return assumption of 4% per annum with respect to fully indexed benefits and 6.5% per annum with respect to partially indexed benefits.

The rates of net investment return were determined on the assumption that investment income in excess of these rates will be required to finance indexation of those benefits related to inflation. The long-term rate of general price inflation assumed in the valuation was 3% per annum, and the rate of indexation of benefits was therefore assumed to be 3% per annum for fully indexed benefits and 0.5% per annum for partially indexed benefits.

It was assumed that survival on Loss of Earnings benefits will follow WSIB experience for the years 1991-1996, modified after one year so that 4.5% of lost time accidents continue to receive benefits after two years. In the previous valuation, we assumed 5% of lost time accidents continued to receive benefits after two years, however experience to date indicates that this assumption continues to be too high. Following the two year period, the renewal rate would decrease annually at an average rate of 10% until it reaches 60% six years after the date of accident.

Except as described above, the methods and assumptions employed in the valuation were consistent with those used in the previous valuation, after taking account of changes in claim patterns. A complete description of the methods and assumptions employed in the valuation will be provided in our detailed report to the Board on the valuation.

In our opinion, the assumptions made in this valuation are appropriate, the methods employed are in accordance with sound actuarial principles and the amount of $16,130 million as at December 31, 2001 makes reasonable provision for future payments for short term disability, long term disability, labour market re-entry, survivor benefits, health care, retirement income benefits and claims administration costs under Schedule 1 on account of accidents that occurred on or before December 31, 2001.

We hereby confirm, with respect to this valuation, that:

1. the data on which the valuation is based is sufficient and reliable for the purpose of the valuation;
2. the assumptions are appropriate for the purposes of the valuation;
3. the methods employed are consistent with sound actuarial principles;
4. this report has been prepared in compliance with the applicable professional standards of the Canadian Institute of Actuaries.

David A. Short, F.S.A., F.C.I.A.
Actuaries with the firm of Eckler Partners Ltd.

Jill M. Flicht, F.S.A., F.C.I.A.

March 8, 2002

PUBLIC SECTOR SALARY DISCLOSURE 2001

Name	Position Title	Earnings	Taxable Benefits	Total Earnings
Abrams, Brenda E	Legal Counsel	$108,066.31	$218.46	$108,284.77
Aftaz, Rizmich Andre	Medical Consultant	$117,738.79	$243.70	$117,982.49
Adams, Valerie	VP Information Svcs & CIO	$167,915.75	$302.46	$168,218.21
Allingham, Richard	Dir Research & Evaluation	$112,441.20	$233.22	$112,674.42
Angove, Linda	Corporate Secretary	$112,779.60	$221.78	$113,001.38
Anstey, Calvin	Dir Transportation Sctr	$106,728.56	$222.26	$106,950.82
Argue, Robert	Dir Applications Dev	$108,667.91	$225.94	$108,893.85
Aronshtam, Moshe	Medical Consultant	$126,533.78	$263.02	$126,796.80
Arwas, Ed	Medical Consultant	$130,466.78	$263.02	$130,729.80
Barr, Donna	Exec Dir Health Svcs Mgmt	$151,523.42	$270.10	$151,793.52
Belanger, Adele Marie	Legal Counsel	$106,573.98	$218.10	$106,792.08
Bell, Susan	Dir Central Claims Processing	$108,717.90	$222.34	$108,940.24
Bennetto, John	Dir Svcs Sctr	$103,537.58	$214.98	$103,752.56
Bishop, Margaret	Medical Consultant	$126,533.78	$263.02	$126,796.80
Brown, Elizabeth	Legal Counsel	$107,649.59	$218.58	$107,868.17
Burton, Neil	Dir Client Server Dev	$121,033.42	$231.14	$121,264.56
Campbell, Clark	Dir Municipal Edn & Elec Utilities	$102,968.94	$214.02	$103,182.96
Cantlie, George	Medical Consultant	$126,612.79	$263.34	$126,876.13
Chan, Maryzelle	Medical Consultant	$125,972.18	$261.94	$126,234.12
Chan, Thomas	VP Finance & Corp Svcs & CFO	$184,149.12	$319.52	$184,468.64
Cleary, Noreen	Dir Pre 1990 Claims	$104,975.16	$216.36	$105,191.52
Coutinho, Jude	Assoc Medical Dir	$101,208.22	$200.20	$101,408.42
Cork, Beverley	Dir Technology Svcs	$123,674.94	$231.14	$123,906.08
David, Lawrence	Medical Consultant	$124,505.80	$257.26	$124,763.06
de Demeter, Domi	Medical Consultant	$126,612.79	$263.34	$126,876.13
de Domenico, Ivan J	Medical Consultant	$127,497.99	$263.02	$127,761.01
Desbiens, Jean	Medical Consultant	$118,738.79	$243.70	$118,982.49
Dion, Patrick	Medical Consultant	$119,997.79	$243.70	$120,241.49
Douglas, Richard Alexander	Dir Employee Relations	$129,695.87	$268.98	$129,964.85
D'Sousa, Irene	Medical Consultant	$122,456.80	$253.66	$122,710.46
Dudley, John	Assoc Medical Dir	$136,846.37	$281.26	$137,127.63
Fedder, Jonathan E	Managing Dir Legal	$106,243.11	$0.00	$106,243.11
Field, Paul	Dir Small Business	$101,640.91	$207.84	$101,848.75
Flynn, Maura E	Legal Counsel	$106,588.00	$219.02	$106,807.02
Forth, Claire Marie	Dir Medical Occ Disease Policy	$101,542.87	$210.76	$101,753.63
Frame, David A	Dir Provider Relations	$103,267.85	$214.46	$103,502.31
Garg, Swarn	Medical Consultant	$126,533.78	$263.02	$126,796.80
Geary, Judy	GM, Specialized Claim Svcs	$155,958.56	$282.66	$156,241.22
Germansky, Martin	Medical Consultant	$126,533.78	$263.02	$126,796.80
Gibbs, Henry	VP Investments	$272,056.15	$418.78	$272,474.93
Gillies, James	Dir Financial Planning & Analysis	$118,348.43	$218.26	$118,566.69
Hladiuk, Anna	Medical Consultant	$126,612.79	$263.34	$126,876.13
Hull, Nick M	Dir Automotive Sctr	$106,912.87	$222.74	$107,135.61
Hawkins, Adam J	Dir Realty Investments	$142,381.87	$237.38	$142,619.25
Heckadon, Robert	Assoc Medical Dir	$151,341.37	$0.00	$151,341.37
Heikman, Robert	Medical Consultant	$122,428.81	$253.66	$122,682.47
Higgins, Jodi	Dir Small Business	$105,744.20	$215.54	$105,959.74
Ho Kim, Thu Lan	Medical Consultant	$107,196.78	$227.20	$107,423.98
Ho, Michael	Medical Consultant	$126,581.80	$263.22	$126,845.02
Holyoke, Paul	General Counsel	$207,067.94	$342.72	$207,410.66
Horseman, Brock C	Sr VP Operations	$299,009.74	$472.74	$299,482.48
Houston, Roberta	Legal Counsel	$101,289.67	$208.56	$101,498.23
Jolley, Linda	VP Policy & Research	$184,467.27	$309.60	$184,776.87
Jones, Derek	Medical Consultant	$114,137.18	$246.06	$114,383.24
Kanakes, Andrew D	Medical Consultant	$131,407.18	$271.10	$131,678.28
Kerr, William	Medical Consultant	$126,533.78	$263.02	$126,796.80
Kelly, J Brian	Assoc Medical Dir	$145,156.09	$292.50	$145,448.59
Kelly, Linda	Dir Specialist & Advisory Svcs	$103,454.13	$202.20	$103,656.33
Kempster, Geoff	Dir Manufacturing Sctr	$107,540.62	$223.46	$107,764.08
Kerr, Fergus	Dir Mining Sctr	$103,449.56	$215.28	$103,664.84
Kanakis, Elizabeth	Legal Counsel	$107,600.14	$218.26	$107,818.40
Kolymich, Heidi	Dir Corp Off	$119,186.21	$212.00	$119,398.21

Name	Position Title	Earnings	Taxable Benefits	Total Earnings
Kwong, Paul	Project Dir	$122,781.31	$223.74	$123,005.05
Lamanna, Pat	Dir Small Business	$111,235.35	$229.14	$111,464.49
Lamoureux, Linda	Dir SIB	$175,625.94	$299.35	$175,925.29
Leshchyshyn, Dana	Dir Construction Sctr	$110,925.34	$230.50	$111,155.84
Levitsky, Mananne	Dir Best Practices	$105,003.05	$215.54	$105,218.59
Lewis, Owen	Dir Applications Dev	$109,626.47	$216.58	$109,843.05
Londry, David	Dir Client Server Dev	$115,754.84	$229.06	$115,983.90
Lorne-Monette, Francine	Medical Consultant	$122,456.80	$253.66	$122,710.46
Lovelock, Ronald	Dir Prevention Svcs	$105,638.16	$215.54	$105,853.70
Luck, Mary	Dir Svcs Sctr	$111,719.14	$227.86	$111,947.00
MacArthur, Angus	Medical Consultant	$126,612.79	$263.34	$126,876.13
Maehle, Waldemar	Medical Consultant	$117,738.79	$243.70	$117,982.49
Malcyil, Ammini	Medical Consultant	$126,581.80	$263.22	$126,845.02
Martin, Peter J	Dir Compensation	$114,328.53	$237.62	$114,566.15
Mastrilli, Arcangelo	Medical Consultant	$126,533.78	$263.02	$126,796.80
McAdam, Roberta	Dir Revenue Audit Svcs	$111,121.01	$219.70	$111,340.71
McCarthy, Jane	GM, Hlth Srvcs Admin, Spec Prgms	$149,260.14	$271.90	$149,532.04
McCleave, Dave	Dir Small Business	$102,486.82	$212.98	$102,699.80
McKenna-Boot, Patricia	Medical Consultant	$117,738.79	$243.70	$117,982.49
McMurtrie, Robert	Dir Financial Svcs	$121,686.83	$232.18	$121,919.01
Meenan, John J	Medical Consultant	$117,738.79	$243.70	$117,982.49
Mikkelsen, Allan Charles	HR Business Partner, F&CS	$100,936.15	$196.56	$101,132.71
Mitchell, William	Dir Applications Dev	$105,563.05	$219.70	$105,782.75
Morden, Donald Lawrence	VP Human Resources	$198,459.91	$335.28	$198,795.19
Morrison, Richard	Dir Small Business	$105,683.75	$219.62	$105,903.37
Mould, Ray	VP Prevention	$180,735.66	$314.64	$181,050.30
Parwin, Catherine	Dir Clinical Svcs	$151,844.37	$312.00	$152,156.37
Potter, Douglas	Mgr Business System & Support	$102,331.82	$170.04	$102,501.86
Prichett, Barry	Medical Consultant	$126,533.78	$263.02	$126,796.80
Pushka, Wayne	Asst Dir & Chief Investigator	$103,923.45	$215.54	$104,138.99
Ramsey, Willard	Actuary, Pricing & Valuation	$140,343.63	$290.14	$140,633.77
Ray, Marie	Medical Consultant	$126,612.79	$263.34	$126,876.13
Schofield, Michel	Physician Coord Specialty Clinic	$146,564.49	$292.50	$146,856.99
Scope, Fernand	Dir Health Care Sctr	$104,846.81	$217.49	$105,064.30
Scullion, Catherine	Medical Consultant	$117,193.58	$242.98	$117,436.56
Sgro, Joseph	Dir Quality Improvement	$110,425.44	$224.90	$110,650.34
Shapiro, Gary	Medical Consultant	$126,533.78	$263.02	$126,796.80
Sherwin, Linda	Medical Consultant	$117,738.79	$243.70	$117,982.49
Simmons, Wayne B	Dir Investments	$148,853.23	$290.61	$149,143.84
Slinger, John	Dir Appeals	$125,712.23	$251.94	$125,964.17
Sookhanan, Ash	Sr Project Mgr	$100,535.37	$150.98	$100,686.35
Strasla, Dave	Dir Investments	$150,438.47	$282.50	$150,720.97
Taraschuk, Thor	Medical Consultant	$117,738.79	$243.70	$117,982.49
Thomas, Ray E	VP Communications	$131,621.60	$239.46	$131,861.06
Thomson, Garry	GM, Industry Sctrs	$154,214.45	$280.10	$154,494.55
Todorovic, Slavica	Dir Benefits Policy	$112,441.20	$233.22	$112,674.42
Tourchin, Robert W	Dir Primary Metrol Sctr	$100,206.28	$208.76	$100,415.04
Vala Webb, Gordon	Dir Knowledge Mgmt	$116,805.48	$235.30	$117,040.78
Walker, John	Medical Consultant	$126,533.78	$263.02	$126,796.80
Wang, Kennedy	Dir Schedule 2	$116,877.50	$210.21	$117,087.71
Weatherbee, Wayne	GM, Small Business	$157,159.21	$281.06	$157,440.27
Welton, Ian	Dir Revenue Policy	$112,441.20	$233.22	$112,674.42
Williams, David	President & CEO	$688,435.92	$830.44	$689,266.36
Williams, Susan	Dir Customer Care	$127,745.20	$252.90	$127,998.10
Wiskin, John	Dir Schedule 2 Sctr	$102,797.65	$213.38	$103,011.03
Wright, Glen	Chair of the Board	$152,473.00	$0.00	$152,473.00

Note: The amounts shown as earnings in this disclosure statement may not represent the individual's actual annual rate of salary. The earnings required to be made public under the *Public Sector Salary Disclosure Act 1996* reflect the amount reported to Revenue Canada on the employer's T4 slip for an employee. The earnings shown in this statement may therefore include non-recurring payments in 2001 for retroactive pay from a reclassification or a grievance settlement or a pay-out upon retirement. The earnings shown may also be less than the individual's annual rate of salary if the individual worked only part of the year.

TEN-YEAR HISTORY

Workplace Safety and Insurance Board

Ten-Year summary of the Statements of Operations and Unfunded Liability

($ Millions)	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
REVENUES										
Premiums for current year	$ 1,866	$ 1,760	$ 1,707	$ 1,722	$ 1,886	$ 1,917	$ 1,953	$ 1,864	$ 1,963	$ 2,111
Investment	746	1,149	1,065	997	849	711	593	499	520	472
	2,612	2,909	2,772	2,719	2,735	2,628	2,546	2,363	2,483	2,583
EXPENSES										
Benefit costs paid	2,769	2,569	2,203	2,262	2,249	2,377	2,385	2,331	2,415	2,433
Net increase (decrease) in benefit liabilities	270	125	135	85	1,740	50	150	75	210	160
Net increase in the Injured Workers' Retirement Fund	24	56	59	52	48	44	44	29	40	113
	3,063	2,750	2,397	2,229	557	2,470	2,284	2,265	2,665	2,706
Administrative and other expenses	229	247	367	336	341	321	339	347	343	338
Legislated obligations	162	156	145	125	117	98	118	104	100	107
	3,454	3,153	2,929	2,690	1,015	2,889	2,741	2,716	3,108	3,151
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENSES	(842)	(244)	(157)	29	1,720	(261)	(195)	(353)	(625)	(568)
Premiums for unfunded liability	860	971	1,061	930	683	693	780	767	718	667
Excess of revenues over expenses – applied to reduce the unfunded liability	18	727	904	959	2,403	432	585	414	93	99
Unfunded liability										
Beginning of year	9,675	9,402	7,095	8,057	10,460	10,892	11,392	11,806	11,899	11,967
Change in accounting policy			205							
Unfunded liability										
End of year	$ 9,657	$ 9,675	$ 9,402	$ 7,095	$ 8,057	$ 10,460	$ 10,892	$ 11,392	$ 11,806	$ 11,899

OTHER STATISTICS	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
Schedule 1										
Average premium rate (per $100 of payroll)	$ 2.13	$ 2.29	$ 2.42	$ 2.59	$ 2.85	$ 3.00	$ 3.00	$ 3.00	$ 3.00	$ 3.00
Total insured payroll ($ Millions)	$113,727	$ 109,237	$ 101,654	$ 96,205	$ 91,497	$ 86,844	$ 86,065	$ 82,864	$ 84,243	$ 86,000
Number of WSIB employees as at December 31	4,513	4,466	4,260	4,057	3,966	4,373	4,597	4,600	5	5
Number of new claims by registration year	371,067	379,079	364,069	342,687	341,178	345,606	377,857	410,443	440,150	457,[illegible]

TEN-YEAR HISTORY

Workplace Safety and Insurance Board

Ten-Year summary of the Statements of Operations and Unfunded Liability

($ Millions)	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
REVENUES										
Premiums for current year	$ 1,866	$ 1,760	$ 1,707	$ 1,722	$ 1,886	$ 1,917	$ 1,953	$ 1,864	$ 1,969	$ 2,171
Investment	746	1,149	1,065	997	849	711	593	499	521	453
	2,612	2,909	2,772	2,719	2,735	2,628	2,546	2,363	2,490	2,624
EXPENSES										
Benefit costs paid	2,769	2,569	2,203	2,262	2,249	2,371	2,385	2,331	2,435	2,444
Net increase/(decrease) in benefit liabilities	270	125	135	(85)	(1,740)	50	(150)	(75)	400	760
Net increase in the Injured Workers' Retirement Fund	24	56	59	52	48	49	49	29	30	14
	3,063	2,750	2,397	2,229	557	2,470	2,284	2,285	2,865	3,218
Administrative and other expenses	229	247	387	336	341	321	339	331	343	347
Legislated obligations	162	156	145	125	117	98	113	104	100	97
	3,454	3,153	2,929	2,690	1,015	2,889	2,736	2,720	3,308	3,662
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENSES	(842)	(244)	(157)	29	1,720	(261)	(190)	(357)	(818)	(1,038)
Premiums for unfunded liability	860	971	1,061	930	683	693	700	487	314	357
Excess of revenues over expenses – applied to reduce the unfunded liability	18	727	904	959	2,403	432	510	130	(504)	(681)
Unfunded liability										
Beginning of year	5,675	6,402	7,098	8,057	10,460	10,892	11,402	11,532	11,028	10,347
Change in accounting policy			208							
Unfunded liability										
End of year	$ 5,657	$ 5,675	$ 6,402	$ 7,098	$ 8,057	$ 10,460	$ 10,892	$ 11,402	$ 11,532	$ 11,028

OTHER STATISTICS	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
Schedule 1										
Average premium rate (per $100 of payroll)	$ 2.13	$ 2.29	$ 2.42	$ 2.59	$ 2.85	$ 3.00	$ 3.00	$ 3.01	$ 2.95	$ 3.19
Total insured payroll ($ Millions)	$113,727	$ 109,237	$ 101,654	$ 96,205	$ 91,497	$ 86,844	$ 86,065	$ 82,818	$ 84,243	$ 83,648
Number of WSIB employees as at December 31	4,513	4,466	4,260	4,057	3,966	4,373	4,597	4,603	4,751	4,909
Number of new claims by registration year	371,067	379,079	364,069	342,687	341,178	345,606	371,837	370,444	368,895	377,333